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'Nightmare' Over, Yeltsin Affirms Date For Elections

He Asks Local Councils To Dissolve Themselves And Lifts Censorship

By Celestine Bohlen New York Times Service MOSCOW — In his first address to the nation since army tanks crushed an uprising against him, President Boris N. Yeltsin called Wednesday for Russians to put the "nightmare of these black days" behind them and reaffirmed that elections to a new legislature would be held on Dec. 12.

Mr. Yeltsin also called for a purging of Russia's regional councils, many of which had sided with the parliament's defiant leaders during the political crisis that led up to the violence this week. He said local soviets, or councils, should peacefully dissolve themselves and prepare for local elections, possibly in December.

Moving swiftly, the government lifted a regime of press censorship, imposed as part of the state of emergency, that had caused a storm of protest from Russian journalists and had raised alarms in the West that Mr. Yeltsin was going too far in clamping down against his opposition.

In a grim and emotional speech, the president said the violence in Moscow on Sunday Washington cautions Mr. Yeltsin over his crackdown on the media. Page 2.

Russia orders a giant tarp to cover the charred parliament building. Page 2.

had been an "armed mutiny," staged by leaders inside the parliament building in order to bring about "a bloodthirsty Communist-Fascist regime."

As Mr. Yeltsin spoke on television, the city was gradually recovering from the shock and horror of the last few days. The fires in the White House, as the parliament building is called, had gone out, and although a state of emergency in Moscow was extended for another week, there were no further reports of random gunfire.

A day of national mourning for the victims of both the Sunday uprising and the Monday bombardment of the White House, now estimated at 118, has been declared for Thursday, when flags at government buildings will be flown at half-staff. In a somber appeal for national unity, Mr. Yeltsin called the loss of life "our common tragedy."

"Do not say that someone has won and someone lost," he said. "These are inappropriate, blasphemous words. We have all been scorched by the deadly breath of fratricide."

But at the same time, Mr. Yeltsin showed new determination to make a clean sweep through the soviets, a political structure that in many regions has become a haven for former Communist officials still fighting to hold on to their old powers. "I think that the soviets that took an intransigent stand should, instead of adapting to the new situation, take the dignified and courageous decision of self-dissolution and how away peacefully, decently, without up-

See RUSSIA, Page 2



Yasser Arafat, President Hosni Mubarak of Egypt and Prime Minister Yitzhak Rabin of Israel during their meeting on Wednesday.

Arafat and Rabin Keep the Ball Rolling

By Caryle Murphy Washington Post Service CAIRO — Reaffirming their commitment to the landmark peace accord they signed three weeks ago, Prime Minister Yitzhak Rabin of Israel and Yasser Arafat, the Palestine Liberation Organization chairman, agreed here Wednesday that working committees to negotiate how the pact will be put into effect would start meeting in Egypt next week.

It was the first encounter for the two leaders since they witnessed the signing of a "declaration of principles" in Washington on Sept. 13. The accord initially calls for the transfer of limited powers to Palestinian authorities in the Gaza Strip and West Bank town of Jericho, and the withdrawal of Israeli troops from these areas, within months.

Unlike their highly symbolic meeting at the White House, when the two political rivals ended decades of bitter fighting with a handshake before a worldwide television audience, Mr. Arafat and Mr. Rabin held separate news conferences on Wednesday. And though Mr. Rabin declined to shake Mr. Arafat's hand during a session with photographers, Mr. Rabin's spokesman, Gad Ben Ari, said that "there was a shake of hands."

Mr. Ben Ari said a joint news conference had never been planned, adding that Mr. Rabin wanted it to be a working session and not a ceremonial session.

"He wants to get to business," Mr. Ben Ari said. Mr. Rabin and Mr. Arafat both termed their two-hour meeting in a suburban Cairo presidential palace of President Hosni Mubarak "positive." Mr. Ben Ari termed the atmosphere "business-like."

"I suggested this meeting with one purpose in my mind: To start to implement the agreements that were signed in Washington on the 13th of September," Mr. Rabin said. "We are committed to whatever we signed. But it's not enough to sign, you have to translate it to negotiations, into reality. The atmosphere was constructive."

See MIDEAST, Page 7

Fending Off Congress, Clinton Links Pullout To Safety for Somalis

By Paul F. Horvitz International Herald Tribune WASHINGTON — President Bill Clinton, under intense pressure from Congress, reportedly prepared Wednesday to set a clear timetable for U.S. withdrawal from Somalia while temporarily bolstering U.S. troop strength and firepower there.

Mr. Clinton thus appears to have rejected demands from some in Congress for an immediate U.S. pullout after heavy U.S. casualties in a weekend battle with Somalis.

A senior Clinton administration official, quoted anonymously by The Associated Press, said the president planned a short-term increase in U.S. troop levels but also wanted a deadline for pulling out U.S. forces. No date was given.

In a brief televised statement Wednesday, Mr. Clinton said, "We are anxious to conclude our role there honorably, but we do not want to see a reversion to the absolute chaos and the terrible misery which existed before."

He declared that the United States was "completing the job of establishing security in Somalia."

Mr. Clinton was to announce the results of a policy review on Somalia on Thursday, after consulting with congressional leaders.

The AP quoted Pentagon sources as saying that one option called for sending at least 2,000 new combat troops and more heavy weaponry to Somalia, where nearly 5,000 U.S. troops are already stationed under United Nations command.

In addition to the storm of criticism from Congress, Mr. Clinton clearly was discouraged at the inability of the 28,000-strong UN force in Somalia to cooperate adequately in protecting U.S. forces.

On Wednesday, Mr. Clinton canceled some public events and held two long meetings with his national security staff to revamp a Somalia policy that some lawmakers said was unraveling politically and militarily.

Representative Patricia Schroeder, a Colorado Democrat who is a member of the Armed Services Committee, said after meeting with

Mr. Clinton that she believed he would put a "tighter rein" on military operations. She was quoted as saying the White House would clarify the time frame for a pullout, lay out its goals and discuss further security measures for soldiers.

Although many lawmakers were vigorously pressing for an immediate U.S. pullout, others urged caution, and Senate leaders managed Wednesday to delay any vote on the issue for at least a week.

Top White House security aides had met for 90 minutes Tuesday evening with what one

On Page 2 Faulty intelligence and poor planning led to an attack gone awry. Warlord's aide says Somalis are holding a U.S. serviceman. senator characterized as "200 very, very distraught members of Congress."

On Wednesday morning, 65 Republicans in the House of Representatives sent a harsh letter to the White House calling U.S. policy "indiscriminate and naive," as well as "a failure." Senator Bill Bradley, a New Jersey Democrat, urged an immediate pullout.

But the Republican leader, Bob Dole of Kansas, told the Senate, "It is not a time for panic." Representative Lee Hamilton of Indiana, chairman of the House Foreign Affairs Committee, said, "There isn't any doubt that we're coming out. The question now is how you come out."

Senator Carl Levin, a Michigan Democrat, warned that a "precipitous" withdrawal would amount to "an engraved invitation to aggressors" around the world and would send a message of U.S. weakness and irresolution.

Complicating Mr. Clinton's dilemma was the detention of a wounded U.S. helicopter pilot by Somali guerrillas. In his statement, the president emphasized but did not spell out an exit plan for U.S. troops. "It is essential that we conclude our mission See SOMALIA, Page 2

Patten Gives China 'Only Weeks, Not Months,' to Settle Nuclear Worries

In Pacific: Will Paris Test, Too? By Michael Richardson International Herald Tribune SINGAPORE — South Pacific nations said Wednesday that they feared that any further nuclear tests by China would prompt France to resume underground testing in the area, despite strong opposition in the region.

The French government indicated that it would not resume underground testing for the time being at Mururoa Atoll in French Polynesia, but Asian officials said it was very likely that France would break its moratorium if China continued to test.

They also expressed concern that China's breach on Tuesday of an informal moratorium on testing by the nuclear powers would jeopardize prospects for achieving a permanent global ban on tests and an indefinite extension of a treaty to stop the spread of atomic weapons.

Gareth Evans, the Australian foreign minister, said that "anything which suggests that some or all of the nuclear powers are going to go on testing and building their weapon stockpiles with the same enthusiasm that they have in the past is creating absolutely the wrong environment" in which to seek an extension of the Nuclear Nonproliferation Treaty in 1995.

Speaking in parliament in Canberra, he said that Australia was making representations "right now" to France, the United States, Russia and Britain. Mr. Evans said nuclear powers were being urged not to be "tempted by the Chinese breach of the de facto moratorium to go back to tests themselves."

The United Nations Conference on Disarmament in Geneva recently agreed by consensus to begin formal negotiation of a comprehensive test ban treaty that would outlaw all nuclear tests for all time in all environments.

But the New Zealand disarmament minister, Doug Graham, said China's resumption of testing threatened the Geneva negotiations.

"If France now decides this is an excuse to get out of its own moratorium and then the U.S. does," he said, "then Geneva's wasting its time."

South Pacific island states also condemned China's action and hoped that it would not lead to a resumption of testing by other nuclear powers, said Terema Tahai, secretary-general of the 15-nation South Pacific Forum.

Responding to the Chinese test, President Bill Clinton instructed the Department of Energy See PACIFIC, Page 7

Lenin Lies Unguarded

Agence France Press MOSCOW — The round-the-clock honor guard at Lenin's mausoleum on Red Square was abolished Wednesday on the order of the Kremlin guard command, Inter-Tass reported.

"The decision is linked to a change in ritual," the press agency cited an official as saying. The official made no further comment.

The goose-stepping, arm-swinging guards, who were changed every hour, were one of Moscow's main tourist attractions during the Soviet period and after the collapse of the Soviet Union in December 1991.

The guard has maintained its ritual — 210 steps in a period of 2 minutes 45 seconds — since Lenin died in January 1924. The embalmed body of the organizer of the Russian Revolution has lain in state ever since for visits by the Communist faithful.

Some Russian liberals, notably the mayor of St. Petersburg, Anatoli A. Sobchak, have campaigned to have Lenin removed from the mausoleum.

'Nothing More to Prove,' Jordan Quits Basketball

By Ira Berkow New York Times Service DEERFIELD, Illinois — Michael Jordan, the man generally considered the world's greatest basketball player and one of the most recognizable and product-promoting figures in the world, announced Wednesday that he was retiring from basketball. "I have nothing more to prove in basketball," he said.

"I have no more challenges that I felt I could get motivated for. It doesn't have anything to do with my father's passing, or media pressure, or anything other than that I had achieved everything in basketball I could. And when that happened, I felt it was time to call it a career."

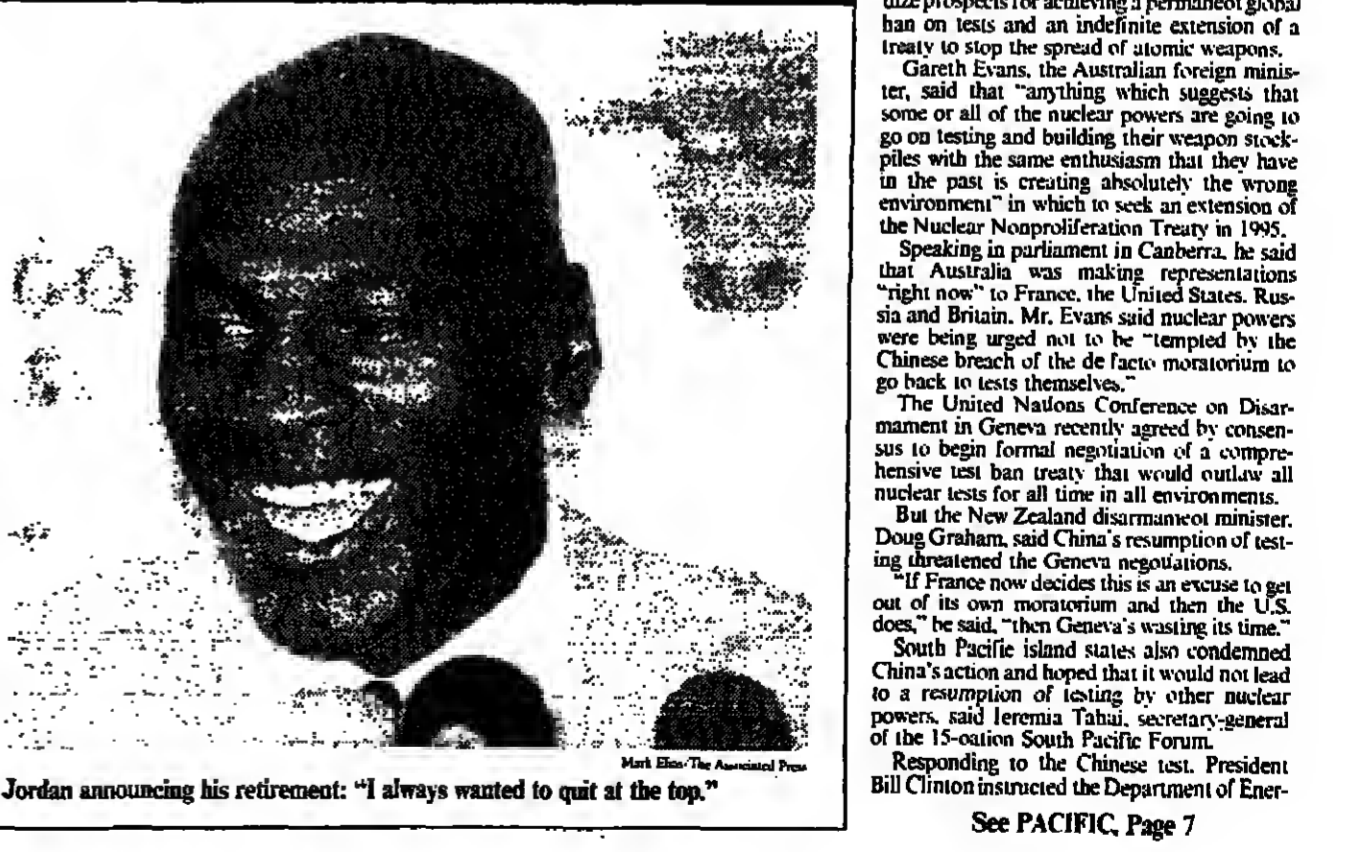
And what a career it was. He joined the Chicago Bulls nine seasons ago, a 6-foot-6 (2-meter) All-American guard out of the University of North Carolina, when the Bulls were a struggling franchise. He became the team's spectacular, guiding force, transforming it into one of basketball's best. He leaves on top, having led the Bulls to three National Basketball Association championships in the last three years, having led the league in

scoring for the last seven seasons, tying Wilt Chamberlain's record and becoming a draw who filled up arenas wherever he performed. Jordan, of course, was more than just a basketball player giving up the chance to throw a rubber ball through a hoop. This was a man adored and idolized from Chattanooga to China, but one never imitated: He taught

Jordan was exhausted by demands of perfection, and his loss is felt worldwide. Page 20. Nike's share price falls on the announcement that its star endorser is retiring. Page 13.

the world that it was indeed possible for one man to float in the air without the aid of strings. He was known, appropriately, as Air Jordan.

"He gave us more thrills than we could ever ask for," said Scottie Pippio, Jordan's teammate, echoing the sentiment of a legion of basketball followers. Jordan, at a packed news conference here. See RETIRE, Page 20



Jordan announcing his retirement: "I always wanted to quit at the top."

He Can Run, but He Can't Elude Thatcher

By John Darnton New York Times Service BLACKPOOL, England — Some would say she is like the beast who will not die, rising up nightly out of her coffin to torment the living. Others see her as a protective angel, hovering over the landscape to ensure that the good works she started are being carried out. Whatever she is, specter or saint, Margaret Thatcher just won't go away. And she is clearly making life miserable for her successor, the amiable but accident-prone prime minister, John Major.

Take this week, when the Conservatives gathered in this seaside town for their party conference, an annual ritual of speeches and bar-hopping intended to celebrate the party's triumph over everything from protecting fisheries to fighting crime.

Bhutto Rival Gains in Early Returns

ISLAMABAD, Pakistan (WP) — Nawaz Sharif, the Pakistan prime minister who was kicked out of office, reinstated and then forced to resign this summer, appeared to be edging ahead of Benazir Bhutto in early and incomplete returns Wednesday in an election that many were calling the cleanest in the history of the struggling democracy. The election also was carried out without the violence usually associated with voting in Pakistan. No major incidents reported on Wednesday. Neither Miss Bhutto's Pakistan People's Party nor the Pakistan Muslim League, led by Mr. Sharif, was expected to capture a parliamentary majority. Earlier article, Page 7

Jays Lead Playoff, 2-0

The Toronto Blue Jays beat the Chicago White Sox 3-1, on Wednesday to take a two-games-to-none lead in their four-of-seven-game American League championship play-off. Dave Stewart, acquired in the off-season, pitched out of a bases-loaded jam in the sixth inning to lead the Jays, major league baseball's defending champions. (Page 21)

Troops Reach Haiti

PORT-AU-PRINCE, Haiti (NYT) — The first foreign troops — 26 Americans and 5 Canadians — arrived in Haiti to begin the final effort to carry out a UN agreement to end widespread violence and pave the way for the return of the exiled president, the Reverend Jean-Bertrand Aristide. Earlier article, Page 6

Table with market data including Dow Jones, Trib Index, The Dollar, DM, Pound, Yen, FF.

General News Two Catholic leaders in Northern Ireland are giving peace a chance. Page 6. Business/Finance The EC Commission will investigate French state aid for Groupe Bull. Page 13. Book Review Bridge Page 8. Page 8.

WORLD BRIEFS

In Mogadishu Attack, Bad Intelligence and Worse Planning

By Eric Schmitt
New York Times Service
WASHINGTON — United Nations reinforcements took more than nine hours to reach U.S. Army Rangers holding off hundreds of heavily armed Somalis on Sunday, and the delay contributed directly to the deaths of at least 12 American soldiers, according to Pentagon officials.

Mohammed Farrah Aidid, the fugitive Somali faction leader.
"We just didn't expect to meet the kind of resistance that we did," one UN military official in Mogadishu said. "We didn't expect it to be that difficult."
President Bill Clinton's decision on Monday to send several hundred fresh troops, heavy tanks, armored personnel carriers with night-vision equipment, as well as search-and-rescue helicopters, reflected the administration's hurried effort to increase protection for the 4,700 American troops in the East African nation.

U.S. Policy Is a Mistake, Most in Poll Say

WASHINGTON — Two-thirds of Americans believe U.S. policy in Somalia has been unsuccessful, according to a public-opinion poll published Wednesday.
The poll of 525 people showed that 52 percent believed it was a mistake to get involved in the mission to guarantee relief supplies to the starving Somalis. Asked if the policy was a success, 60 percent said no and 25 percent said yes.

As the Rangers fought desperately in the streets, the Malaysian and Pakistani reinforcements spent more than four hours coordinating with American troops, the officials said.
Delays also occurred as the reinforcements battled their way through the streets to reach the Rangers, who were pinned around the downed helicopters. As a result, the bulk of the casualties took place near the helicopters the Rangers fought to defend.

Iraq and UN at Impasse on Oil Sales

UNITED NATIONS, New York (Reuters) — Talks between the United Nations and Iraq on the sale of up to \$1.6 billion of Iraqi oil have failed, a UN spokesman said Wednesday.
Secretary-General Burens Burens Ghali reported the failure to the Security Council on Wednesday after discussions with the Iraqi foreign minister, Mohammed Said Sahhat.

Tokyo Expects Anti-Yeltsin Protests

TOKYO (Combined Dispatches) — The Japanese will deploy 10,000 extra policemen in Tokyo to protect President Boris N. Yeltsin of Russia and head off protests by right-wing extremists during his visit next week.
A police spokesman, announcing the security arrangements on Wednesday, disclosed that one extremist was arrested Tuesday trying to sneak into the Foreign Ministry offices armed with a sword, and that two others were caught throwing smoke flares into the Russian Embassy compound.

Russia and Poland Expel Attachés

WARSAW (Reuters) — Russia and Poland said Wednesday that they had recalled their military attachés from Warsaw and Moscow, but Polish government sources said both men had been expelled.
The Polish Defense Ministry said its attaché, Brigadier Roman Horozov, was recalled from Moscow on Tuesday for consultations. The Russian Embassy in Warsaw said its attaché, Colonel Vladimir Lokmin, had been summoned to Moscow last week.

Algiers Anti-Fundamentalist Killed

ALGIERS (Reuters) — A politician from an anti-fundamentalist party, Rabah Ghenzel, was shot and killed outside his home in an Algiers suburb, his colleagues said Wednesday.
Mr. Ghenzel, 45, a member of the national council of the Etabaddi party, was shot in the head and died Tuesday, the colleagues said. Etabaddi, which was formed last year after a split in the Communist Avant Garde Socialist Party, is militantly anti-Islamist.

Satellite Lost After Bad Launching

VANDENBERG AIR FORCE BASE, California (AP) — A \$220 million Earth observation satellite has fallen silent after its launching put it into the wrong orbit.
Ground personnel were unable to contact the Landsat-6 after it was launched Tuesday aboard a Titan-2G rocket. The satellite was supposed to go into a polar orbit for a five-year, \$513 million mission.

TRAVEL UPDATE

Americans are warned not to travel to the former Soviet republic of Georgia because of security problems, particularly in the western region of Abkhazia, the State Department said.
Beggars and homeless people have been banned from tourist areas of Cannes, France. Mayor Michel Mouillot said begging had created law and order problems and harmed the Riviera resort's image.

Americans Caution Yeltsin About Censorship of Press

WASHINGTON — The United States expressed concern Wednesday to President Boris N. Yeltsin about press censorship imposed after government forces crushed a revolt by Mr. Yeltsin's opponents.
"We have raised our concern about freedom of the press with the Russian government, and we will continue to do so," said Ambassador-at-Large Surobe Talbot, a leading adviser to President Bill Clinton on Russian affairs.

Russia Orders a Giant Tarp to Hide A Charred Symbol, the Parliament

By Fred Hiatt
Washington Post Service
MOSCOW — Even before the last bodies had been removed, the government had placed an order with an Austrian company for a huge tarp to cover the charred, ghostly bulk of the parliament building. It was as if Russians themselves could not produce something large enough, or thick enough, to hide the shame of their own fratricide.

And yet, it seemed Wednesday that Russians could hardly get enough of "this terrible sight." Thousands came to gawk to try to hunt for souvenir bullets, to loot typewriters or to light candles and strew flowers.
The evening news, even before reporting on Mr. Yeltsin's first post-coup address, showed the sodden wreckage inside — the poignantly intact chandeliers, crumpled desks, bloodstains and glass shards, doors sealed off.
Even before Mr. Yeltsin's tanks redecorated the building, it had not been a pretty sight. An odd, squat, oval tower rising from within a clumsy, low-lying rectangle, the White House looked like "an enormous wardrobe," the architect Seymon Fabisovich said in an interview on Wednesday.

SOMALIA: Somali Warlord Wants an Exchange of Prisoners

By Donatella Lorch
New York Times Service
NAIROBI — A senior aide to the Somali warlord General Mohammed Farrah Aidid acknowledged Wednesday that Somalis were holding an American serviceman hostage and said that he would be freed only in exchange for high-ranking Somalis held by the United Nations, news agencies reported from Mogadishu.
But a UN military official in the Somali capital said they had not received any official word from Mr. Aidid's militia about the prisoner, Warrant Officer Michael Durant, the pilot of a U.S. helicopter that was shot down on Sunday.

The pilot was captured on Sunday night when his helicopter was shot down during a 15-hour battle between U.S. troops and Somali militia in which 12 American soldiers were killed and 78 wounded. Six American soldiers are missing.
There was no definite estimate of Somali dead but the Red Cross said that more than 750 Somalis had been wounded.
Mogadishu was reported to be calm Wednesday, but UN and relief officials said that they expected further outbreaks of violence as a contingent of several hundred U.S. reinforcements, along with tanks and gunships, arrives.
The UN in Mogadishu still remains firm in its commitment to capture and bring to trial General Aidid, whom they say is responsible for the ambush deaths of 24 Pakistani peacekeepers in June. UN officials said.



Normal activities returned to Moscow streets on Wednesday.

SOMALIA: 'Honorable' End

Continued from Page 1
in Somalia but that we do it with firmness and steadiness of purpose," he said.
Among those meeting with the president were Secretary of State Warren M. Christopher, Defense Secretary Les Aspin and the U.S. commander for the region, General Joseph P. Hoar of the Marines.
Clues to Mr. Clinton's thinking emerged Wednesday in a news agency interview. The president was clearly outraged by the fierce attacks on U.S. troops over the weekend, in which 12 Americans died, more than 60 were wounded and a handful disappeared.
The widely disseminated photograph of a dead U.S. soldier being dragged through the streets of Mogadishu, as well as videotape of a shaken and wounded U.S. pilot, seems to have had a major impact on public opinion.

MEMORIAL NOTICE
SHAMMAS
A memorial service in loving memory of
Shukri Hanna SHAMMAS
will be held at
the Greek Orthodox Church,
7, rue Georges Bizef, Paris 16,
on Saturday, 9th October,
at 18:30 hours.
Condolences will be received
following the service at the church.

RUSSIA: Yeltsin Declares 'Black Days' Over and Affirms Date for Parliamentary Elections

Continued from Page 1
heavals and scandals," he said. This call is sure to heighten political tension in provinces, where Mr. Yeltsin's decree on Sept. 21 dissolving the national parliament met with little support.
Bowling to pressure from Mr. Yeltsin's aides, Valery D. Zorkin, the chairman of Russia's Constitutional Court, turned in his resignation, declaring in a letter to his fellow judges that it was "impossible to carry on with my duties in the current situation."
Mr. Zorkin will remain on the court while Nikolai Vitruk, now deputy chairman, takes his place at its head.
Mr. Zorkin, who last winter tried to broker a compromise between the warring executive and legislative branches, later consistently and predictably supported the parliament in its claim to be upholding Russia's much-altered constitution.
With only two months to go before parliamentary elections, Mr. Yeltsin said Russia "needs a normal democratic constitution as badly as we need the air to breathe."

count of their activities since Sept. 21, the day Mr. Yeltsin issued his decree dissolving the parliament.
Ruslan I. Khashulov, chairman of the now-defunct parliament, and Alexander V. Rutskoi, the vice president who became the parliament's acting president, spent their second day in isolated cells at Lefortovo Prison, under the custody of the Ministry of Security.
Both men have already hired lawyers to defend them against charges, expected to be formally brought Thursday.
A total of 160 people from the White House are now being held in Lefortovo, including the former security minister, Colonel General Viktor P. Baranikov; the parliament's defense minister, Colonel General Vladislav A. Achalov, and Lieutenant General Albert M. Ma-

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صلى الله عليه وسلم

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# STATESIDE / WASHINGTON ISN'T EVERYTHING

## Ignore It She Might, but This Quayle Is a Lot Like a Clinton

By Karen De Witt  
New York Times Service

INDIANAPOLIS — Marilyn Tucker Quayle is free at last. Free from political expectations and expediency, free from images imposed by the national news media, free from the siletto prickliness that contrasted so sharply with her husband's sunny demeanor.

Now that the Quayle family is back home in Indiana, the woman who groused that she couldn't join a law firm when her husband, Dan, became vice president, then touted her stay-at-home status at the Republican National Convention as a counterpoint to Hillary Rodham Clinton's lawyer life, has shaken her armor.

She and her family are happily re-grounding themselves in the country's rolling midriff, she says. Forget Washington. Forget the East Coast.

"Everybody on the East Coast thinks this is the lost land," she says over chicken salad at Pesto, an Italian restaurant in downtown Indianapolis. "It is not. It is a wonderful place to live, with wonderful people. We have a symphony."

Of course, the East Coast — Washington, to be exact — had its pluses. "I'd be a fool to say that I didn't miss the gardeners and the stewards," she said, reminiscing about government life.

For the four years that her husband was vice president, Mrs. Quayle lived in the white-hot news-media spotlight of the nation's capital. She did not like it. She particularly did not like the fact that it was trained on every gaffe, foible and failing of her husband.

"There is no question that Marilyn Quayle was a defensive spouse," said Ann Compton, ABC-TV's White House correspondent and a friend of Mrs. Quayle's.

Now that she no longer has to play that role, Mrs. Quayle can expose a devilish streak, a kind of smart-mouth, bad-girl, leader-of-the-pack persona that is totally unexpected after the tight-lipped Marilyn Quayle of "women do not wish to be liberated from their essential nature."

Hear her on the issue of stay-at-home mothers' return to the work force and she sounds almost like a comparable-word advocate.

"If you go back into the work force and you have this 4- to 10-year period — you can put down also that you chaired this event, this event, this event — the employer looks at your résumé and says, 'Yeah, but where have you worked?'" she said. "There are so many things that women who don't enter the work force do that should be translatable; the idea that you have to put a dollar figure on every-

thing really does need to be changed."

Mrs. Quayle herself has a full plate of projects. She's finishing another novel with her sister Nancy T. Northcott (the first novel was "Embrace the Serpent," published in 1992). Although she says she's not thinking about running for political office just yet, she is heartened by

Asked why she has always been perceived as so much smarter than her husband, she says, "He's blond."

state Republicans' interest in her doing so. She loves the law. She likes her new office in the law firm of King, DeVault, Alexander & Capehart, even if she's not crazy about decorating it: choosing from all those blue carpet swatches and wall cover samples. Yech!

She is carving out a niche at the firm. One specialty happens to be Mrs. Clinton's own: health care policy. Mrs. Quayle also works on international trade and corporate issues, but she won't say who her clients are.

She worked at a companying job in the

Bush administration as a disaster specialist, helping to coordinate relief services — among her projects, the 1992 Florida hurricane and the 1989 San Francisco earthquake. But she hadn't practiced law since she and Mr. Quayle took down the Quayle & Quayle law practice shingle 16 years ago and moved to Washington after he became a member of the House.

Mr. Quayle is writing a book about his life as vice president. The three Quayle children — Tucker, 19; Benjamin, 16, and Corinne, 14 — are fine, too. And Mrs. Quayle is all sunny tightness. Everything is starchy upright about her except her flip hairdo, which has willed in the humidity.

Only a touch of bitterness creeps into her voice when she talks about the national press.

"If you don't screw up, you don't get news," she says. "If it's a good story, it isn't going to be out there if the decision has already been made that nothing positive was going to come out of the Bush campaign."

Then comes a moment of glee. She recalls Bob Woodward, The Washington Post's grand hand of investigative journalism, stumped by her silences during interviews for a 1992 series on Mr. Quayle.

"I used to drive him crazy because when I was done answering questions, I was done," she said. "A reporter's trick is if you pause a little bit, people try to fill in the air. My friends know I'm a master of dead air. During interviews I would sit there. He'd be getting nervous because there would be these long silences."

It's a strategy that Mrs. Clinton would probably appreciate. Ideology aside, Mrs. Quayle has more in common with Mrs. Clinton than either might like to admit.

Both are lawyers, both are smart, both married ambitious politicians and both have made compromises in dress, demeanor and hair that offend some feminists. Both are wary of the news media.

Asked why she has always been perceived as so much smarter than her husband, without missing a beat, she said, "He's blond."

"Blond?"

"Yeah, blonds have more fun. That's why Madonna dyed her hair. If I was a blonde with the same demeanor, people would have a totally different attitude toward me."

Perhaps that is why Mrs. Clinton lightened up her originally dark locks?

But that kind of question only elicits dead air.



Everything about Mrs. Quayle, the former vice president's wife, is starchy upright — in this picture, even her flip hairdo.



ALTERED STATE — A modified WALK/DON'T WALK sign flashing its message on a Manhattan street corner. Officials say that the unauthorized signs, which appear occasionally with commands such as CONFORM/CONSUME and REPENT/SIN, are the work of artists.

## A Democrat's Pointed Opposition: Gephardt's Crusade on Trade Pact

By Dan Balz  
Washington Post Staff Writer

WASHINGTON — The House Democratic leader, Richard A. Gephardt of Missouri, is giving oomph and ironic meaning to the term "quiet opposition."

In the past two weeks, he has delivered two major speeches, spoken to three newspaper editorial boards, courted network anchors, chatted with about 20 columnists, appeared on the NBC News program "Meet the Press," spoken to Democratic governors and addressed the AFL-CIO convention.

Mr. Gephardt's cause is the North American Free Trade Agreement, and if there was any hope in the White House that the majority leader would keep a low profile in opposition to the pact with Mexico and Canada, it has been extinguished by his whirlwind pace.

Mr. Gephardt says he is not trying to resist arms in the fight over the pact, only trying to raise the level of the debate on it.

But his activities raise questions about whether his leadership role conveys special obligations to the president, about the line between political loyalty and personal conviction and about President Bill Clinton's willingness to turn the other cheek in the face of such a significant defection.

White House officials insist that Mr. Gephardt's opposition has not caused a rift in his close relationship with Mr. Clinton. "His view was well known to us and not a surprise," said the White House communications director, Mark Gearan, choosing his words carefully. "We have this respectful disagreement. We think he's wrong."

Mr. Gephardt is even more eager to play down the split. "It would obviously be trouble if there were a vast difference on the budget, on

health care, on education reform, on welfare, and I was diametrically opposed to what the president wanted to do," Mr. Gephardt said. "That could be a difficulty. That's not the case."

And if Mr. Gephardt sounds uncomfortable about opposing the White House, he seems downright embarrassed to be in bed with the sound-bite king, Ross Perot, who is barnstorming the country warning that the trade pact will result in "a giant sucking sound" of U.S. jobs flowing south to Mexico.

"The 'giant sucking sound' is a graphic description, but I don't think it's particularly helpful to a meaningful discussion of this issue," Mr. Gephardt said.

Mr. Gephardt's argument against the pact largely rejects Mr. Perot's premise, which is that it will cost the United States jobs. "We've already lost a lot of jobs to Mexico," he said. "That's not the greatest issue in my view."

Mr. Gephardt argues that by failing to hold Mexico accountable on labor laws and standards, and by largely ignoring the issue of Mexican wages, the pact will put

additional downward pressure on the wages of U.S. workers and harm their standard of living.

He said the current experiment in free trade with Mexico, through the maquiladora program, was an example of what he does not want to see under the pact. The maquiladora program created low-wage assembly plants in Mexico, which import U.S. parts and export mostly finished products duty-free.

"We're losing all these jobs to free trade," he said during a lunch with Washington Post reporters and editors. "We didn't take care of the environment, infrastructure wasn't built, there's no training for American workers and there isn't a darn thing going on with Mexican wages."

What concerns Mr. Gephardt is that the pact will be a model for similar free trade agreements with other Latin American countries. "If we botch it, we're not coming back to it," he said.

In the last five years, Mr. Gephardt has been an advocate for tougher trade policies and, critics say, a symbol of growing protectionist sentiment here.

## Away From Politics

- Four teenagers have been arrested in Tallahassee, Florida, in the highway rest-stop slaying of a British tourist, but a judge barred the authorities from releasing details. Greg Cummings, the lawyer for one of those charged in the Sept. 14 shooting death of 34-year-old Gary Colley, said he asked for the gag order "to prevent a poisoning of the public who may have to hear the case."
- Donald Trump charged that organized crime is rampant in the American Indian gambling industry, telling disbelieving lawmakers in Washington it could become "one of the biggest scandals since Al Capone." Federal officials disputed his claim, saying they have found little evidence of mob activity in tribal casinos.
- A week after trumpeting its new vegetarian rations, the Pentagon has egg on its face: The first batch of 225,120 meals contain animal products. Thus, the initial shipment of rations designed to be "culturally correct" are not suitable for some religions, including Muslims in Bosnia — the first place the rations were expected to go. Fortunately, the error was caught before any of the humanitarian daily rations, or HDRs, were delivered as emergency aid, said Vernon Guidry, a Defense Department spokesman.
- A Secret Service agent testified that he saw a yellow van in New York's World Trade Center parking garage an instant before an explosion "vaporized" the area. Jan Gilhooley's testimony angered defense lawyers, who said they were not told in advance that the agent believed he saw a van the same color as the one prosecutors allege carried a terrorist bomb into the garage on Feb. 26.
- To a report designed to better safeguard plants and animals, the National Academy of Sciences called on the government to establish a central repository of scientific information on the condition of American flora and fauna.
- A judge said he secretly sequestered the jury deliberating the fate of two black men charged with the riot beating in Los Angeles of a white truck driver, Reginald Denny. "On my order, the jury has been sequestered," said Judge John W. Ouderkirk of the Superior Court. "I chose out to inform the counsel or the public until the sequestering was accomplished." AP, NTT

### POLITICAL NOTES

**Forest Service Enforcers See Timber Rip-Off**

WASHINGTON — Timber companies are routinely stealing millions of dollars worth of trees from national forests with the tacit encouragement of senior U.S. Forest Service managers who frequently thwart efforts to stop the practice, according to federal officials.

In congressional testimony, three Forest Service law-enforcement agents and a former U.S. attorney from Oregon painted a portrait of an agency so driven by institutional and political pressures to maximize timber production and so inbred with the industry that it invites and sometimes colludes in widespread fraud and theft.

"Timber theft is out of control in our national forests," said Michael Nitsch, a 15-year veteran of the Forest Service's law-enforcement program.

The agency's "inbred relationship" with the timber industry combined with easily manipulated practices governing bidding, timber measuring and sale layouts, has resulted in a system riddled with "invitations to steal and defraud," said Charles H. Turner, the former U.S. attorney. (WP)

**Primary Shifts Scramble Presidential Politics**

WASHINGTON — Governor Pete Wilson of California has signed legislation that will advance the date of his state's 1996 presidential primary from June to late March, a move that could significantly reshape the 1996 campaign.

Last week, Governor George Voinovich of Ohio signed a bill

shifting that state's primary from May to the same Tuesday in March that Illinois and Michigan hold their primaries.

The result is that candidates in 1996 will face a virtual national primary in March. Texas, Florida and other Southern states, which first bundled themselves together in 1984, will hold their so-called Super Tuesday primaries the second week in March. The three midwestern states will vote the next week and California, the most-populous state in the country, will vote on the fourth Tuesday in March.

Over the past decade, presidential primary calendars have become increasingly front-loaded, but the shift of California and Ohio now virtually guarantees an early end to the nomination fight. (WFP)

**Senate Confirms New Head of Joint Chiefs**

WASHINGTON — General John M. Shalikashvili, President Bill Clinton's choice to head the Joint Chiefs of Staff, has been confirmed by the Senate.

By voice vote and without dissent, the Senate approved the four-star army general, who succeeds General Colin L. Powell. (AP)

**Quote/Unquote**

Jane Kirtley, executive director of the Reporters Committee for Freedom of the Press, on the Clinton administration's move to make it easier to gain access to government records under the Freedom of Information Act: "This is terrific, and it's long overdue. For years, the government has been hiding behind the 1981 directive to delay, to withhold and to obfuscate." (NYT)

## '60s Radical Gets 8-to-12-Year Term for Killing

BOSTON — A 1960s anti-war radical who eluded the police and federal agents for 23 years before turning herself in last month was sentenced on Wednesday to 8 to 12 years in jail for her role in the 1970 killing of a Boston police officer.

The former fugitive, Katherine Ann Power, 44, had pleaded guilty to reduced charges of manslaughter and armed robbery in connection with the death of the officer, Walter Schroeder, who was gunned down during a bank robbery on Sept. 23, 1970.

Judge Robert Banks of Superior Court also imposed a 20-year probation on Mrs. Power, prohibiting her from profiting from her crimes and warning that she could spend the rest of her life in prison if she violated any of the terms of the probation.

"I will not permit profit on the

lifeblood of a police officer by someone responsible for his killing," Judge Banks told the courtroom.

Mrs. Power, who was a senior at Brandeis University outside Boston at the time of the murder, was part of a gang of four radicals armed with handguns, a shotgun and a submachinegun who robbed the bank in Boston. Mr. Schroeder was killed by a single shot in the back.

Nine of Mr. Schroeder's children attended the court session as uniformed and plainclothes policemen packed the halls outside the courtroom to await the sentence.

Mr. Schroeder's family had earlier bitterly criticized Ms. Power, asserting that she was being portrayed as a sort of folk heroine because of her anti-war activism during the Vietnam War years.

"She's been treated like a hero," said Paul Schroeder, the son of the

murdered officer. "Her being made a hero has poured salt in our wounds."

Mrs. Power, one of the last of a generation of 1960s anti-war fugitives who was on the FBI's most wanted list for 14 years, expressed remorse for the killing, saying her conscience finally persuaded her to turn herself in.

She eluded Federal Bureau of Investigation agents by living in a string of women's communes and later settling in Oregon, where she lived under the alias Alice Meszinger, married and raised a son. She taught cooking and nutrition and was involved in running a restaurant in Corvallis, Oregon.

Mrs. Power's sentence was harsher than expected. Her attorney had hoped for a five-year sentence on the manslaughter and armed robbery charges.

Late last month, she pleaded guilty in federal court on separate charges of theft of government property in connection with the robbery of a government armory. The charges carry a maximum penalty of 10 years in prison and a \$10,000 fine.

# Our readers shape and move Japan.



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Herald Tribune

Published With The New York Times and The Washington Post

Stay Firm on Hong Kong

On Tuesday China confessed to another nuclear test. On Wednesday it heard Governor Chris Patten, of tiny ex-colonial Hong Kong, say he is sticking to his plan to make that British territory a more democratic place before it rejoins China in 1997...

The governor — with the British government's support — should take a deep breath and march on. If China's consent is not forthcoming, he will have to take his proposals to the Legislative Council and ask that anxious body, summoning up its courage, to approve the move to greater democracy.

Getting Out of Somalia

Who has not puzzled in dismay over how the United States got from a bold, legitimate and successful feeding mission in Somalia to the current confused and frustrating quest — well, for what? From the United Nations to the United States and on down, almost everyone has lost the thread of an exercise that sometimes looks as though it will engage and endanger international forces out to the horizons of time...

future of peacekeeping were on the line, overreacted. Its military responses had the effect of magnifying the place of General Aidiid. Its political responses made the mission seem increasingly and alarmingly open-ended.

Refrain From Testing and Talk It Over With Beijing

By Gerald Segal

LONDON — China's decision to proceed with its underground nuclear test on Tuesday should come as no surprise. This is the country's testing "season." The fact that Western protests over human rights effectively kept Beijing from being awarded the 2000 Olympic Games doubtless made China's leaders feel that they needed to demonstrate their independence.

they had hoped. But Beijing will not be forced into stepping up the pressure on Pyongyang. Japan is most concerned that the North Korean nuclear problem be resolved. Other East Asian countries see worrying signs in the Japanese domestic debate of a reborn "allergy" to Japan acquiring nuclear weapons.

material and the transfer of highly enriched uranium to countries that do not accept international safeguards against proliferation. In the past, Beijing has had to be dragged into arms control, but it has inched forward...

The writer is a senior fellow at the International Institute for Strategic Studies and editor of The Pacific Review. He contributed this comment to the Herald Tribune.

A Heavy Agenda of Nuclear Issues to Discuss

By Leonard S. Spector and Evan S. Medeiros

WASHINGTON — Top U.S. intelligence analysts worry about the prospect of a total loss of regulatory control over Chinese nuclear exports. Even today there are serious questions about the extent of central government authority over transfers of sensitive nuclear commodities.

in Ukraine by removing their guidance instructions during routine maintenance checks by Russian personnel. And only Russia, for the moment, controls the enabling codes for the nuclear bombs still in Ukraine. Beijing should now ensure that its controls over the weapons in its provinces are at least as effective.

Mr. Spector directs the Carnegie Endowment's Nuclear Nonproliferation Project. Mr. Medeiros is a project researcher. They contributed this comment to The Washington Post.

Yeltsin Stands for Sanity Against a Dangerous Lunatic Fringe

By David Rennick

NEW YORK — In the euphoric days of August 1991, when the Communist regime finally collapsed under the weight of its own absurdity, the parliament of the Soviet Union gathered for what would be its valedictory session.

budget deficit for next year and wiping out the government's ambitious privatization program. For his part, Mr. Rutskoi kept a map of the old Soviet Union on his wall and told visitors he would do his best to restore it — a queer notion of the vice presidency.

considering a compromise on Sunday in which there would be simultaneous elections for the legislature and the presidency, thousands of fanatics rampaged past unarmed policemen and into the parliament and the mayor's office.

Mr. Rutskoi, a hero of the war in Afghanistan chosen by Mr. Yeltsin for his military connections, knew who his troops were. He knew the depths of their fury about the collapse of the old regime, and in his frustration he decided to exploit it.

Unfinished Business

Who has not puzzled in dismay over how the United States got from a bold, legitimate and successful feeding mission in Somalia to the current confused and frustrating quest — well, for what? From the United Nations to the United States and on down, almost everyone has lost the thread of an exercise that sometimes looks as though it will engage and endanger international forces out to the horizons of time...

Mr. Clinton must come up with a statement of policy that better balances Somali realities and American political and military requirements. The appropriate and appropriately modest mission is not to take over Somalia's destiny but to lend a helping hand and make sure the humanitarian effort at feeding a starving nation succeeds.

Refuse the Quagmire

America's national pride could be injured if the Clinton administration decides to extricate U.S. troops from the gathering disaster in Somalia. America's national interests could be injured if it does not.

Of the mission and set about pacifying his south Mogadishu stronghold. Mr. Butros Ghali and his special representative, Admiral Jonathan Howe, have pursued that mandate aggressively, multiplying UN and civilian casualties and draining political support from more successful efforts at reconstruction and relief outside Mogadishu.

Where Russia Belongs Is Still an Open Question

By William Pfaff

PARIS — The Scottish essayist Thomas Carlyle wrote, in April 1855, to the romantic Russian revolutionary Alexander Herzen: "I have never had... the least hope in 'Universal Suffrage' under any of its modifications, or if it were not that in certain deadly maladies of body politics, a burning crisis may be considered as beneficial, I should prefer...

limism that followed is that the worse it became, the less it was resisted. There was an all-pervasive secret police presence, certainly. But a revolutionary option always existed. Other leaders, the generals, rational figures in the police and party, did not have to take all that was done to them. Yet there was obedience.

Today it may be that communications, the integral world economy, the dangers of nuclear proliferation, etc., make accommodation inevitable. But this is practical necessity, not spiritual necessity, and the Russians still are a people for whom spiritual issues are real. At least that has always been Alexander Solzhenitsyn's message.

Mr. Rennick, author of "Lenin's Tomb," a staff writer for The New York Times and a visiting fellow at the Council on Foreign Relations, contributed this comment to The New York Times.



Other Comment

The People Are Waiting

If Russia — under intense internal pressure — is to be saved from cracking up, not only geographically but morally and socially, Boris Yeltsin must convince the people that he is still capable of the kind of inspired leadership that won him support during the abortive coup two years ago. It would be folly for him to imagine that in destroying an obstructive parliament he has removed all opposition.

The attempted coup has made more visible the political alienation of a very considerable part of the Russian people.

Tzarism itself... to the sheer Anarchy (as I reckon it sadly to be) which is got by 'Parliamentary Eloquence.' Press, and counting of heads... 'I have always responded to the country as a huge dark 'Birth of Providence,' the meanings of which are not yet known — there is evidence, down to this time, one talent in which it has the pre-eminence, giving it potency far beyond any other Nation:... Read in October 1993, this may be seen on the one hand as romantic-historical tosh, and on the other as a prescient admonition.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: A Lady Admirer
BAD KISSINGEN — Prince Bismarck has now so much improved that he is considered able to undertake the Journey to Friedrichsruh; and his departure from Kissingen has been fixed for tomorrow (Oct. 7). The Prince's residence at the Obere Saline is not a cheerful abode, but a touch of color has been given to it by lovely flowers which arrive daily from Austria. These flowers, which have come every day for the last two months, are the gift of an Austrian lady, whose anonymity has been guarded so carefully by the Prince that not even Prince Bismarck has been able to satisfy her curiosity on the subject.

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KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER
Co-Chairmen
RICHARD McLEAN, Publisher & Chief Executive
JOHN VINOCCUR, Executive Editor & Vice President

International Herald Tribune
181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France.
Tel: (+33) 1 46 37 93 00. Fax: (+33) 1 46 37 06 51. Advertising: (+33) 1 46 37 52 12.

OPINION

Talk of Moral Sense in a World Gone Mad

By E. J. Dionne Jr.

WASHINGTON — While Washington, the capital, was obsessed with the health care issue and Hillary Rodham Clinton's five-star performance before Congress...

are nowhere near as clear about how to stop human beings from killing human beings. But argue we must, so we fight about technical details or ideological predispositions...

Second Amendment, which explicitly refers to a right to bear arms in the context of protecting "a well-regulated militia." What is happening on America's streets is anything but well regulated.

ected by the feelings and experiences of others." Mr. Wilson's book is a good tonic for liberals, who are right about social justice and racial equality...

How Many Ways Can the Story Be Told?

By Cindy Loose

WASHINGTON — A young mother sat in a rocking chair cradling the dead toddler whose brain had been invaded by a stray bullet. She did not cry, but looked down with a gentle, loving expression...

live by a system of rewards and punishments. Still, we are puzzled by the behavior of people who, by and large, get nothing for doing the right thing...

work-release program. A bench warrant was issued, but apparently no one bothered to pick him up.

Many have despaired of the problem's ever being fixed. But there is hope. Consider Angelia Smith, 21, Launce's mother. This black woman, living in one of the worst projects in a city known for its awful murder rate...



"I think we've got to rewrite that Second Amendment!"

LETTERS TO THE EDITOR

Singapore Telecom
Regarding "Going Global at Singapore Telecom" (Business/Finance Oct. 1)
The article states that "the company hopes the latest offering will raise in roughly 3 billion Singapore dollars to help bankroll its global aspirations..."

porting 7,000 Jews to Sweden to escape the Nazis, but I do not understand how the writer can suggest that the Dutch could have accomplished such a feat...

Unwelcome Boarders
Regarding "North Korea in the Dock" (Opinion, Sept. 28)
This editorial, which refers to the U.S. embarrassment upon discovering that an Iran-bound Chinese freighter carried no materials of mass destruction...

China's Territories
Regarding "Taiwan Was Temporarily Part of China, but That Was Long Ago" (Opinion, Sept. 21) by Maysing Yang and Phyllis Hwang:
I agree that Taiwan is not part of China, historically, administratively or economically...

The Fate of Dutch Jews
Regarding "Danish and Dutch Jews" (Letters, Oct. 1) from E. Frowein
I live in the Netherlands and enjoy the country and the people, but one Dutch trait I find most unfortunate is that the Dutch so often denigrate themselves...

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's name, address, phone number, and daytime hours. Letters should be brief and are subject to editing. It cannot be responsible for the return of unsolicited manuscripts.

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### EUROPEAN TOPICS

#### Needed in France:

##### Imams and Priests

The changing face of religion in France has posed some political and practical problems of late.

Islam is now the second-largest religion in the country, after Roman Catholicism, and French governments have not always been at ease with that fact. The last Socialist government, worried in part about rising fundamentalism, prohibited foreign imams from entering the country during Ramadan, the month of fasting, though the 1,000 French imams were overworked.

But now some French solutions have been found. An Islamic Institute was established last year near Château-Chinon, in the Burgundy region; later this week an Islamic university will open its doors in Mantes-la-Jolie, near Paris.

And this Monday, when the Paris Mosque inaugurated its Institute for Advanced Studies with a class of 40 future imams, those in attendance included two representatives of the rightist government. Interior Minister Charles Pasqua and Culture Minister Jacques Toubon.

The decline in the ranks of Catholic parish priests, meanwhile, has left the 25,000 who remain increasingly stretched, a Paris daily, *Le Figaro*, reports.

Amid this priestly scarcity, France's leading undertaking firm, the Pompes Funèbres Générales, has announced a new service: a "funeral tribute." This secular ceremony, available for 600 francs (\$105), includes the reading of a poem (the selection offered is heavy on Victor Hugo) and the playing of a record (choices range from Gregorian chants to "Autumn Leaves"). The company controls about one-third of the burial market.

#### Around Europe

Last year, when a powerful storm struck the beach at Lelystad, on the Dutch inner sea, the sand was driven into neighboring ports. In an effort to keep the beach in place, a covering of potato starch has now been applied. The city hopes that the industrial-quality starch will bond the top layer of sand through fall and spring storms.

Britain's leading vineyard is for sale. Lamberhurst is three-time winner of the Goro-Brown trophy for the best British wine. Its vines, transplanted from the Rhine Valley in the 1970s, prospered in the relatively sunny fields of Kent. Now, with the owner set to retire, the agency banding the sale says that Australian, New Zealand and South African producers — "even a

Frenchman" — have shown an interest. Disappearing gap: In 1750, upper-class recruits for officer training in England were 7.5 inches (20 centimeters) taller than the more humble recruits to the Marine Society, which sees to the welfare of sailors, reports *The Times* of London. As recently as 1950, there was a 3-inch gap between adults of the upper and lower classes. Improved health care and nutrition have since narrowed this to an insignificant quarter of an inch. With studies showing that taller people tend to get better jobs, at higher salaries, this great leveling may have a double impact.

After spending huge sums on an ambitious refurbishing of the Champs-Élysées, Paris officials are tearing their hair out over a small but sticky problem: chewing gum. One city environmental official said dirty gum on the new granite sidewalk slabs produced a "shocking" effect. Various cleaning techniques have been tried — a team of experts was even sent to Disney World in Florida to study its approach — but with little luck. Most chemical and abrasive techniques damage the stone. One that does not — blasting the recalcitrant gum with a stream of tiny ice balls — requires unwieldy and expensive equipment. The problem remains under study.

Brian Knowlton

## 2 Leading Catholics Give Ulster Peace a Chance

By James F. Clarity

New York Times Service

DUBLIN — A new initiative from the two most influential Roman Catholic leaders in Northern Ireland has led to a feeling of optimism about fresh negotiations to end the sectarian violence that has killed more than 3,000 people in the last 25 years.

Less than two weeks after the initiative was announced, political leaders, diplomats and academic analysts agree that for the first time since the early 1970s talks seem possible between the Irish and British governments and the outlawed Irish Republican Army, through its political wing, Sinn Féin.

The violence between the Protestant majority and the Roman Catholic minority of Northern Ireland has pitted the Irish Republican Army against British security forces, including 11,000 regular army troops. The violence grew from an event 25 years ago, a Catholic civil-rights demonstration in Londonderry on Oct. 5, 1968.

The new feeling of hope was born almost two weeks ago when the two Catholic leaders, John Hume and Gerry Adams, who are normally political enemies, said they had come to an agreement on a new "peace process" after five months of private discussions.

Mr. Adams is president of Sinn Féin and refuses to renounce IRA violence. Mr. Hume is the head of the Social Democratic Labor Party and condemns the violence. Nevertheless, the two men, although declining to discuss details, said they had made "considerable progress."

"This may be the most important political initiative since Northern Ireland was established in 1920," said Paul Arthur, a politics professor at Ulster University in Belfast. "It is the first initiative that tries to bring all the players into play."

Sinn Féin is excluded from the official peace talks because of its refusal to denounce the IRA.

Mr. Hume was expected to meet Prime Minister Albert Reynolds of Ireland in Dublin on Wednesday or Thursday to give details of the initiative. Mr. Reynolds said on television Tuesday night that he was "very interested" to hear Mr. Hume's report on the initiative. "There has to be a cessation of violence," he said. "When we're satisfied that it has taken place, there will be a seat at the table for Sinn Féin."

He added, however, what he called "a note of warning" that there would not be a peace agreement "instantly or on short notice" and that "if we're to make progress it's going to

have to be made behind the scenes between the two governments."

The issues that Mr. Hume and Mr. Adams agreed to advance for negotiations with the British and Irish governments are widely assumed to involve the possibility of a cessation of IRA violence in return for some kind of assurance that Britain would discuss gradual troop withdrawal.

Also, it was believed there would be a proposal that Britain definitively renounce any economic or strategic interest in the province and permit Northern Ireland to leave the United Kingdom if a majority of voters wished.

These proposals are central to the IRA-Sinn Féin desire for an end to British sovereignty in the north, a wish to place the province's 950,000 Protestants and 650,000 Catholics in some kind of political union with the Irish Republic, the overwhelming majority of whose 3.5 million people are Catholic.

Protestant leaders in Northern Ireland abhor such a prospect and have attacked the Hume-Adams initiative. But Mr. Hume and Mr. Adams also said they were trying to assure the Protestant majority that it had nothing to fear.

In a statement, the two Catholic leaders said that the process they envisioned would "obviously also be designed to ensure that any new agreement that might emerge respects the diversity of our different traditions and earns their allegiance and agreement."

Many experts said they believed that the initiative would allow the inclusion of Sinn Féin in negotiations with officials of Ireland, Britain and the other Northern Irish political parties.

The new process could founder, experts say, if the British government of Prime Minister John Major felt that by making contact with Sinn Féin it would be vulnerable to charges of appeasing terrorists.

The IRA, which exploded a huge bomb in London's financial district last spring, has warned international banks and companies that it will continue such attacks. In a statement Sunday it said it welcomed the Hume-Adams initiative. But has continued its bombing campaign in the last week, both in Northern Ireland and in London.

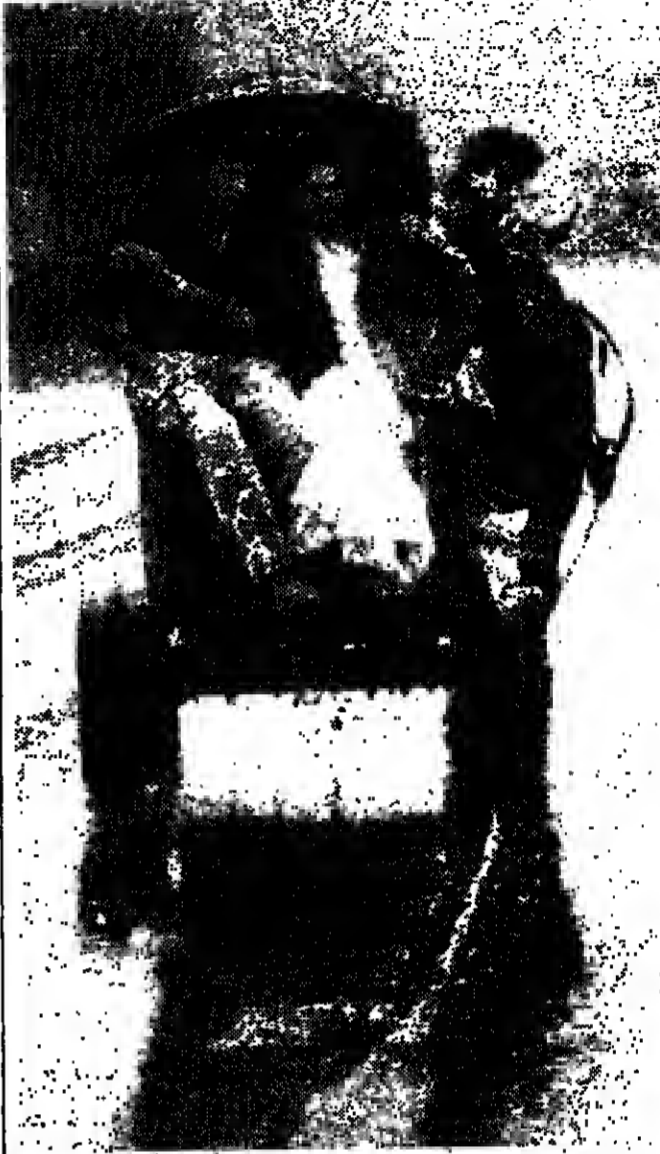
Experts on all sides say that if Britain is to respond to the initiative, there will first have to be several weeks, possibly months, of an IRA lull.

## Bonn Dismisses 2 Officials in AIDS Scandal

BONN — Two top German health officials were dismissed on Wednesday for failing to pass on reports about AIDS victims who might have caught the HIV virus from contaminated blood.

Haemophilic groups say more than 400 hemophiliacs have died of AIDS because the government did not act fast enough before 1985 to screen blood for HIV. At least 1,500 of Germany's 6,000 hemophiliacs are infected with HIV.

Health Minister Horst Seehofer said he had found that the Berlin-based Federal Health Agency received 373 reports of patients with AIDS who might have become infected from blood transfusions, but did not pass them to the ministry.



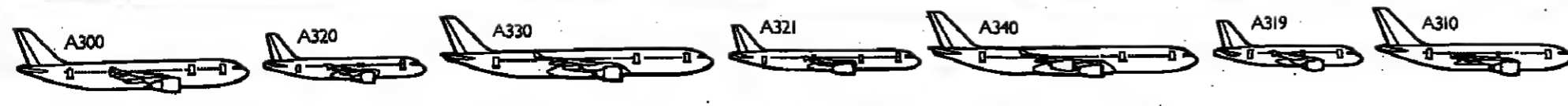
A Bosnian Muslim soldier riding alongside a companion who was forced by fighting to flee her home Wednesday in the Kakanj area.

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## 150,000 Skirt Famine In Central Bosnia Siege

By John F. Burns

New York Times Service

SARAJEVO, Bosnia-Herzegovina — United Nations officials say that 150,000 people trapped by a little-noticed Bosnian Serbian siege are facing increasingly desperate conditions because Serbian forces have refused to allow any UN relief convoys to the area in more than four months.

The officials said reports from UN field officers in central Bosnia and accounts relayed by amateur radio operators inside the besieged pocket indicated that the only thing preventing widespread deaths from starvation in the region around the towns of Maglaj and Tesanj was nightly airdrops of food by U.S. military aircraft.

The aircraft have been dropping up to 150 tons of food and medical supplies a week.

A spokesman for the UN High Commissioner for Refugees, Ray Wilkinson, said that one amateur radio report monitored by the agency in recent days had spoken of "people literally starving" because of the Serbian encirclement. Amateur radio links have often served as the main or only source of

information about conditions in regions besieged by Bosnian Serbian forces, but their accounts of deprivation have occasionally been exaggerated.

The Serbian siege of Maglaj and Tesanj began almost at the same time as the siege of Sarajevo on April 5, 1992.

But the situation facing the inhabitants of the area, who are mostly Muslims but include a 30 percent minority of Croats, deteriorated suddenly this spring when a Serbian force cut Bosnian supply lines across the mountainous region that had sustained the towns.

According to the Bosnian government, it has been unable to reach the area since then, and efforts by the United Nations to cross the siege lines with convoys of supplies have also been blocked by Serbian commanders.

UN officials say their reports indicate the two towns have come under heavy shelling, even when Serbian forces have been observing cease-fires in most of the rest of Bosnia. The officials say up to 400 civilians have been killed in the area and 1,500 wounded since June.

## Doubts Persist in Haiti After Mayor's Close Call

By Howard W. French

New York Times Service

PORT-AU-PRINCE, Haiti — In the latest blow to efforts to make a peaceful transition to democracy, about 30 heavily armed civilians bunting for the mayor of the capital broke up a political meeting at a hotel with bursts of automatic weapons fire.

Moments before the attack on Tuesday, the mayor, Evans Paul, who has been the target of repeated threats from police auxiliaries and others opposed to democracy, was driven away from the hotel where the meeting was held in an unmarked vehicle.

Because United Nations observers and journalists were chased away in the fusillade, it was unclear if anyone was wounded in the attack.

"I don't think the international community has the means to provide security here," said Mr. Paul in an interview afterward. "When these people say they are going to attack you, that is exactly what they do."

The incident came on a day when Robert Malval, Haiti's transitional prime minister, led his government in taking control of state television and radio stations. They had been harshly critical of plans to restore democracy and return the Reverend Jean-Bertrand Aristide to the presidency.

The stations were occupied by armed police auxiliaries who, until Tuesday, prevented Information Ministry officials from taking control. Diplomats say the auxiliaries are responsible for violence in recent weeks aimed at derailing Father Aristide's return on Oct. 30.

Their presence has kept much of the rest of Mr. Malval's government operating largely out of its members' houses.

Diplomats who say that they remain confident that Father Aristide's return will occur as scheduled said that they placed great hope in the arrival on Wednesday of about 30 members of the U.S. military, who are an advance team for about 600 American troops expected here within days.

Governing M...  
Pakistan...  
WEST: Robin...  
BRITISH: Major

مكتبة من الامم

010

# Governing Majority Doubtful As Pakistanis Shun the Polls

By Molly Moore  
*Washington Post Service*  
**ISLAMABAD, Pakistan** — Three years after she was removed as prime minister on charges of corruption, Benazir Bhutto was trying to stage a comeback in elections Wednesday against a long-time foe, Nawaz Sharif, in what observers expected to be an extremely close outcome.

Poll-takers and political analysts gave Miss Bhutto's Pakistan People's Party a slight edge over Mr. Sharif's Pakistan Muslim League in the contest for 211 seats in the National Assembly.

They said that the winning party was likely to prevail by such a close margin that it would be difficult to form a governing majority in parliament.

The campaign came during one of the most extraordinary years of political upheaval in Pakistan's 46-year history, a year in which the country turned to democracy rather than martial law, and the political system rather than violence, to face its political crises.

For the first time in Pakistani history, the army dispatched large numbers of troops — up to 100,000 — to polling stations around the country for the elections, not to undermine the political process, but to ensure what government of-

officials termed "free and fair elections."

Yet a poll taken by the country's leading newsmagazine two weeks ago found that 85 percent of those surveyed would prefer the interim prime minister and former World Bank official Moeen Qureshi, 63, to either Miss Bhutto or Mr. Sharif.

Voter turnout was reported to be only 30 to 40 percent, reflecting hesitation toward both candidates.

Miss Bhutto, 40, a well-spoken graduate of Harvard and Oxford universities, found favor in the West during her first term in office in the late 1980s, but she was far from popular among her own people. In the 20 months before political rivals and the Pakistani Army combined to expel her from office, her administration had not won approval of a single piece of major legislation.

Mr. Sharif, a multimillionaire industrialist, was given credit for enacting economic reforms during his term. Nevertheless, he left the country virtually bankrupt when he stepped down under pressure in July, and his cabinet was described by one Pakistan news publication as full of "rogues and rascals."

While political leaders described the election on Wednesday as the fairest ever held in Pakistan, the country's 52 million eligible voters were decidedly uninspired. The

government even took its national television stations off the air all day in hopes of getting more voters to the polls, according to a senior government official.

After Miss Bhutto was removed as prime minister in 1993 on charges of corruption and malfeasance, she lost to Mr. Sharif in the 1990 elections. She became the chief leader of the opposition and helped to orchestrate some of the politics behind his resignation this summer.

Mr. Sharif told cheering supporters in his power base of Lahore on Wednesday that he was leading in 48 seats for the 217-seat National Assembly in early counting and there was a close contest in three others.

"Your hard work has been rewarded," he said.

Miss Bhutto's Pakistan People's Party said it was ahead in many seats in its power base in the south, including Karachi, where a boycott by an ethnically based party kept most voters away from the polls.

Miss Bhutto said she was "calmly hopeful of sweeping the polls" as she cast her vote in a women-only voting station in her ancestral village of Larkana in the southern province of Sindh.

The Central Election Commission announced the first official result of the election, a victory for an independent from one of the semi-autonomous tribal areas.



Miss Bhutto being fingerprinted before voting in her ancestral village of Larkana on Wednesday.

# Cuban Exiles Rush To Assist Homeland

By Larry Rohter  
*New York Times Service*  
**MIAMI** — As Cuba's economic and political crisis deepens, exiles here are reaching out to their kin on the island as never before by sending aid, exchanging visits and seeking their advice on how to topple Fidel Castro.

The monolithic core that once dominated exile politics is splintering, and moderates are emerging as a vital new force among Cuban-Americans. Convinced that Mr. Castro's fall is imminent, exiles in Miami have plunged into an impassioned debate over how to bring down his 34-year-old dictatorship without inflicting further hardship on Cuba's 11 million people.

In place of a single organization, one that claimed to speak for all 1.2 million Cuban-Americans and preached unrelenting hostility toward Cuba's Communist government, new groups now openly urge negotiations.

Thousands of exiles, responding to the pleas of family members still in Cuba, have defied calls to starve the island into submission and are sending money and supplies through the scores of shipping agencies that have sprung up here.

Still others have responded to Mr. Castro's recent invitation to exiles, whom he once spurned as "worms" and "scum," and are visiting their families in Cuba. New flights making the Miami-Havana

run are booked weeks in advance, and relatives of top Cuban officials have also come to seek out moderates in Miami to discuss ways the two groups can cooperate.

This war of words and ideas is being closely monitored by policymakers in Havana and Washington. American officials say more flexibility on the part of Miami exiles would make it easier to deal with the crisis in Cuba, and the Cuban government increasingly regards the prosperous exile community here as a source of financial and material support.

Although both governments deny anything has changed in a hostile relationship that is one of the last acts of Cold War drama, exile groups of every ideological stripe say the momentum for a transformation is building.

Last week, the U.S. government announced that Cuba had agreed to accept the forced repatriation of up to 1,500 Cuban prisoners being held in federal prisons, an action that came shortly after Havana, handed over to the Drug Enforcement Administration a pair of cocaine traffickers who had eluded U.S. helicopters.

Since the Soviet Union disintegrated, Mr. Castro has been forced to do without billions of dollars in subsidies. As a result, food and fuel are increasingly scarce, the population now spends much of its time foraging for supplies

## PACIFIC: How Will Paris React?

Continued from Page 1

on Tuesday to make preparations for a possible resumption of American tests. But like France, he stopped short of ordering renewed testing.

Before President Francois Mitterrand of France halted nuclear testing in French Polynesia in April 1992, the tests were a major source of friction in relations between France and virtually all independent nations in the region.

Western diplomats said that because of China's test, France was now facing greater pressure from its military commanders.

The commanders reportedly argue that France needs a limited test program both to check that aging warheads function properly after maintenance and to test a new generation of weapons for French submarine-launched missiles.

**Mitterrand Sets Conditions**  
President Francois Mitterrand of France said Wednesday that he

did not favor resuming French nuclear weapons tests for the time being, Reuters reported from Paris.

"Of course, if countries other than China were to take the initiative, France would be forced to continue its own tests to ensure what is called the 'threshold of sufficiency,'" Mr. Mitterrand said in an interview with the Austrian broadcasting company ORF and the Austrian newspapers Der Standard and Kurier. "But it will not give the signal itself."

A text of the interview was released after Mr. Mitterrand and Prime Minister Edouard Balladur said in a joint statement that the Chinese test had created "a new situation" and that France would consult the other nuclear powers.

In the interview, Mr. Mitterrand said: "I think we have to keep our cool. I am not in favor in the present situation, with the information at my disposal, of resuming nuclear tests."

## MIDEAST: Rabin-Arafat Talks

Continued from Page 1

and positive. I believe it's a very good beginning."

Mr. Arafat said at his separate news conference, "I would like to inform you that this was a very important meeting, especially since it came directly after the signing of the declaration of principles."

The meeting was held in a "positive atmosphere, and we discussed many important issues," Mr. Arafat said, adding: "We will continue in this line to see how to implement smoothly what has been written in the papers, on the ground."

Separately, Mr. Arafat and Mr. Rabin announced that a ministerial level "liaison committee" would begin meeting in Cairo on Oct. 13. An Israeli source said he anticipated that this committee would be headed by Foreign Minister Shimon Peres and by the PLO's equivalent, Mr. Rabin called this "the guiding committee of all the activities."

On the same day, a second joint committee of experts will meet in the Egyptian Red Sea town of Tabá to negotiate details surrounding the limited transfer of administrative powers to Palestinians and Israeli troop withdrawals under the so-called Gaza-Jericho plan — the first stage under the Declaration of Principles.

This committee will focus on Israeli troop withdrawal from the two areas, troop redeployments elsewhere in the territories, security arrangements and economic aspects of the transition, Mr. Ben Ari said.

In addition, the Israeli and Palestinian delegations that have been meeting for almost two years in Washington will continue their talks there, Mr. Rabin and Mr. Arafat said.

Finally, the two sides agreed to set up a fourth Israeli-Palestinian

committee for economic issues. That group's composition and agenda will be decided by the liaison committee that convenes here next week, Mr. Rabin said.

Both sides were also eager to discuss the continuing violence in the Israeli-occupied territories. But neither side disclosed what, if anything, had been agreed on.

The PLO chairman has asserted that an Israeli military crackdown on Palestinians accused of crimes that began last week violates the Sept. 13 agreement. And the Israelis are upset about continued anti-Israeli violence by Palestinian activists, mostly by members of the PLO's rival organization, Hamas.

"I believe that one of the topics that will be discussed is the question of the need of the PLO to live up to its commitments not to allow other Palestinian factions to try to derail the peace agreement" and "torpedo" it, Mr. Ben Ari told reporters.

"Of course it's Israel's responsibility to maintain peace and order in the territories for the duration of the self-government," he said.

And although the PLO is not responsible for Hamas attacks, he said, "they would have to make sure to restrain the Hamas as much as possible."

Mr. Arafat said: "I had raised this question of violence because I am responsible for all the Palestinians, whether they are from PLO's Fatah group, or from Hamas or from the Popular Front. I heard from Mr. Rabin his point of view, and we agreed for this to be on our agenda on the next committee meetings."

Mr. Arafat also said the issue of Palestinian prisoners held by Israelis had been raised by his delegation.

## THATCHER: Major Can't Hide

Continued from Page 1

rencies. In a nonideological atmosphere, the party is split and drifting, critics say.

It is an open secret that Lady Thatcher, who is now in the House of Lords, has long been a sharp thorn in the side of Mr. Major. Still the spiritual leader of the right wing of the party, she has been outspoken against the government for not doing enough to stop the bloodshed in Bosnia and for persisting in moving toward closer union with Europe.

Apparently at the behest of party figures, such as the chairman, Norman Fowler, Lady Thatcher was poised to throw Mr. Major a lifeline. In an interview early this week she suggested changing party rules to make it more difficult to dump the leader, who serves as prime minister.

"Being prime minister is something much bigger than being the leader of a party," she said. "It's being prime minister of a nation."

Various party stalwarts then weighed in, telling all would-be critics that this was not the time for "sniping" at Mr. Major. The line

seemed to be that he should be given another year or so to see if he could get a handle on things.

One factor in Mr. Major's favor is that so far there is no other candidate for his job who is looked on kindly by the party's right wing. Chancellor Kenneth Clarke, whose stature is growing elsewhere, is regarded suspiciously by the Thatcherites as too pro-European and left-leaning.

Now, with the tabloid disclosures, the tables have shifted against Mr. Major again. The talk at the Winter Gardens, where the conference is held, is all about Lady Thatcher. Late Tuesday night, after hours of phone calls among party leaders, she issued a statement supporting Mr. Major, but some commentators judged it to be lukewarm.

And now she has promised to help the party out of its financial hole by making fund-raising lectures next year, a prospect that must fill Mr. Major with dread.

As she said at a party meeting in the East End of London two weeks ago, "Granny will always be there to advise."

LONDON, OCTOBER 25-26, 1993

# OIL & MONEY SHIFTING FORTUNES

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OCTOBER 25TH OCTOBER 26TH

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Robert W. Esser SENIOR CONSULTANT, CAMBRIDGE ENERGY RESEARCH ASSOCIATES INC., CAMBRIDGE, MASSACHUSETTS

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Moderator: Silván Robinson CHAIRMAN, ENERGY AND ENVIRONMENTAL PROGRAM, THE ROYAL INSTITUTE OF INTERNATIONAL AFFAIRS, LONDON

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Moderator: Nicholas G. Voute CONSULTANT, THE HAGUE AND LONDON

**THE FUTURE OF OPEC**  
Nordine Ait-Laoussine PRESIDENT, NALCO SA, GENEVA

**MIDDLE EAST INVESTMENT STRATEGY: WHOSE MONEY?**  
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The Hon. Hazel R. O'Leary SECRETARY OF ENERGY, U.S.A.

Lunch

**KEYNOTE ADDRESS**  
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The fee for the conference is £650 plus 17.5% VAT. This includes both lunches, the cocktail reception on the first evening and all conference documentation. Fees are payable in advance and will be refunded less a £65 cancellation charge for any cancellation received in writing on or before October 15, after which time we regret there can be no refund. Substitutions, however, may be made at any time.

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## EUROPE'S HIDDEN TREASURE



### AFTER THE TRANSITION, AN ECONOMIC TURNAROUND

"Period of transition" is a simple term for a complex, vexatious passage. Twenty Central and East European nations embarked on it in 1989. Four years later, overcoming the inroads of world recession as well as intraregional political and economic turbulence, Hungary may have been the first to arrive at the end of the road.

No one, not even the country's economic planners, is quite sure at the moment whether Hungary has indeed completed its "period of transition"; recent figures suggest that the economy may even have advanced beyond it. All year long, scrupulously accurate official figures were flashing a simple, heaving message: After three successive, moderate declines in the national gross domestic product, 1993 was proving to be Hungary's first "no-loss" year. The turnaround, it seemed, was finally at hand. Then came an exhaustive study of the country's unofficial economy. The study found 20 percent more economic activity than officially recorded, and the figure was rising quickly. Nor do Hungary's eco-

economic planners really have the time to ponder the matter. They are too busy contending with the "sins of the past" — as Peter A. Bod, president of the National Bank of Hungary (the country's central bank), terms the debt load accumulated by the previous communist government. They are also busy dealing with the troubles of the present. Considering the nature of these troubles — Hungary's Western markets still in recession, the Eastern ones often struggling, and its southern neighbors wracked by war and under boycott — the country's key performance indicators are surprisingly good. They, too, point toward — and beyond — turnaround. Inflation, which peaked at 35 percent in 1991, has recently been falling steady-

ly. It now stands at 23 percent. Similar improvements have been registered in the rate of unemployment (down at about 13 percent) and the country's prime interest rate (at 17 percent). "I would like to see all of them much lower," says Mr. Bod. Hungary's "structural" indicators are even better than its performance fig-

*For investors, Hungary is 'a fair, open market'*

ures. These structural statistics detail the makeup of the country's economy, its sectors and their relative health. They explain why Hungary is starting to be called "Central and Eastern Europe's first post-transitional state."

Hungary now has a full-fledged, well-financed private sector, which comprises some 220,000 companies and 671,398 self-employed professionals. These figures indicate an increase of 218 percent and 130 percent, respectively, over the figures for 1989, the starting date of the transition process. Importantly, these fledgling enterprises show a 93-percent rate of survival, high by any standards.

Both the international business community and Hungary's legions of local entrepreneurs have vied to provide funds and manage-

ment for these companies. Some \$5 billion in non-Hungarian capital had flowed into 15,000 Hungarian companies as of June 30 this year; domestic sources have more than matched that figure, supplying nearly \$8 billion in bank credit and \$24 billion in equity and working capital.

A related structural indicator is the state of Hungary's privatization program. Not only is it well advanced, but it is also producing viable private-sector companies; this achievement is not always the norm in Central and Eastern Europe.

In 1989, Hungary, like its 19 regional counterparts, was encumbered by a system of lumbering, state-owned vertical conglomerates. In the opinion of Bela Kadar, the country's minister for international economic relations and a respected economist, Hungary may have enjoyed a certain head start in this regard. "Goulash communism did permit a certain measure of decentralization and of market realism," he says. After 1989 and the country's opening to the world market, products generated by Hungary's nascent private sector immediately found buyers in the West, and this pattern has continued throughout the privatization period. For three straight years, the country managed to defy the recession and record healthy current-account surpluses. Reminiscent of the United States in the 1980s, Hungary is currently facing twin deficits in both its current accounts with the outside world — at \$1.5 billion for the first half of this year — and in the government's budget, which is forecast to amount to 7 percent of the gross national product.

Hope for a speedy end to these imbalances comes

from the country's resurgent industrial sector. After declining 10 percent over the last four years, this sector now seems set to rise by 14 percent this year. Leading the way have been recently privatized industrial companies. To date, Hungary's privatization agency has returned an estimated 850 companies to the private sector. After passing the "halfway point" in 1992, the private sector now accounts for a reported 60 percent of the country's GNP.

"Market realism" also helped the country's privatization program avoid the restitution squabbles and ownership sweepstakes plaguing its regional counterparts.

"In 1990, we made two very simple and difficult decisions," says Mr. Bod, who was serving as a consultant to the ministry of finance at the time. "Future buyers of state-owned property were not going to have to contend with claims by former, expropriated owners. This meant — with a number of exceptions — a lack of direct compensation for these owners."

"Secondly, we knew our companies needed working capital more than they did broad-based ownership. That is why we did not adopt the share coupon or points plans common to our region. Of course, we have actively supported management buyouts and employee stock-ownership plans."

With 160 national markets to appraise, many international investors do not compile studies but instead use a checklist to formulate their judgments. The German business daily Handelsblatt, for example, offers a concise appraisal of Hungary: "a fair, open market." This verdict is based on a number of factors. Hungary's currency,

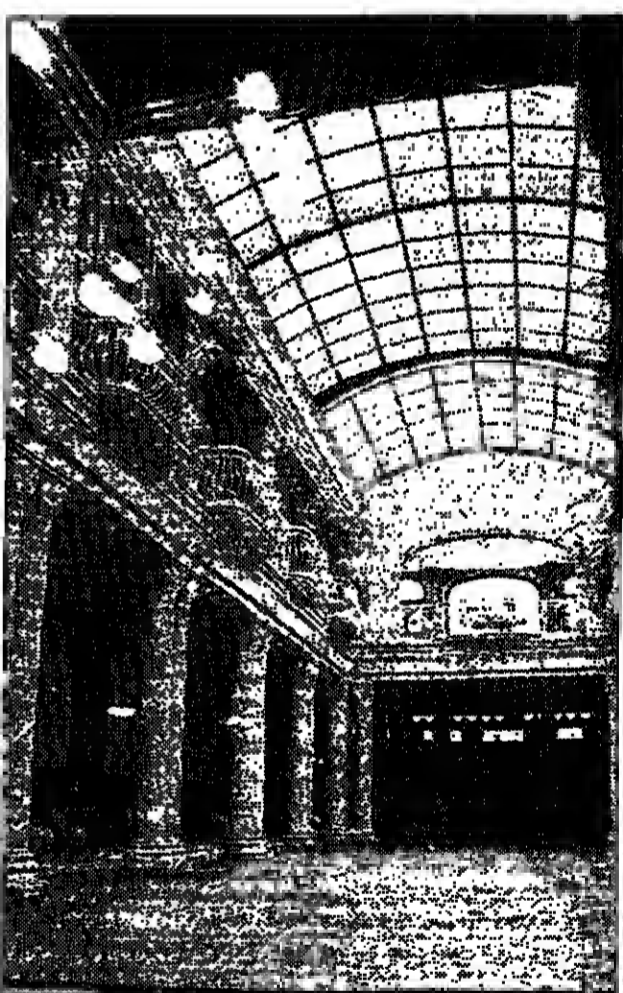


Redrawing the maps: In a changing region, Hungary remains a bastion of economic and social stability, attracting travelers and investors from around the world.

the forint, is convertible for business purposes, with complete convertibility in the office. Except in the purchase of agricultural land and certain residential property, non-Hungarian companies enjoy the same rights and follow the same procedures as their local counterparts, which no longer receive state subsidies. Both import and export restrictions have reportedly been abolished to a large extent. Through times — the time it takes to get a project through state and local bureaucracy — are another important checklist item: in Hungary's case, these are minimal.

One reason for this, according to Mr. Bod, is that "there is a general enthusiasm for new investment and projects throughout the country, and certainly no resentment toward foreigners." Visual impressions are nearly as useful as checklists and performance and structural indicators. Hungary looks "post-transitional." Throughout the country, and especially in Budapest, there are unmistakable signs of expansive retail and tourism sectors. There is a plethora of new stores, restaurants, hotels and hilltops.

Of course, as Mr. Bod is the first to point out, this rapid restructuring has brought with it such social problems as rising unem-



ployment — an unfortunate phenomenon that he believes will be short-lived. "Young companies — and we are a nation of young companies — have to keep costs and staff to a bare minimum while developing

products and markets," he says. "Our job is to keep privation down to a tolerable level during this process. It is also our job to see to it that this process is as short as possible." Terry Swartzberg



Capital treasures: Behind the historic facades, \$5 billion in foreign investment.

### HUNGARY: FACTS AND FIGURES

Capital: Budapest (pop. 2 million)

Other major cities: Debrecen (214,000) Miskolc (194,000) Szeged (176,000) Pecs (170,000)

Area: 93,036 square kilometers (35,921 square miles)

Population: 10.34 million

Ministry of International Economic Relations Honved u. 13-15

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Hungarian Tourist Board Vigado u.6 H-1367 Budapest 11 Tel.: (36-1) 118 5044 Fax: (36-1) 118 5241

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. • David Hermegis is a British journalist, photographer and broadcaster who specializes in Central Europe. • Darrel Joseph is a free-lance journalist based in Vienna. • Terry Swartzberg is a Munich-based business journalist.

### NEW BALANCING ACTS FOR A STORIED TRADITION

As the head of a financial system that did not even exist in its present form four years ago, Peter A. Bod, the National Bank of Hungary's 42-year-old president, has a few more conundrums to solve than do many other central bank heads.

Like central banks all over the world, the National Bank of Hungary strives to find an elusive equilibrium between the need to reduce inflation — which often presupposes high interest rates, tight credit and a cooling down of the economy — and the imperative of generating economic growth, which involves low interest rates and easy access to credit. At the same time, each of the central bank's "customers" — the public, private, corporate and financial sectors — are busy tugging the bank in mutually exclusive directions.

To preserve the international credibility of his country's banking system, Mr. Bod has to strictly enforce often onerous capital-adequacy and balance-sheet-accounting standards. He also has to make sure that Hungary's 36 commercial banks, eight finance houses, and 257 savings and credit unions continue to help fund Hungary's ongoing privatization program and to provide capital to the country's rapidly developing private sector. The 76,000 newly founded or restructured companies that constitute the private sector are by their nature risky ventures with a high percentage of failure.

By any criterion of performance, the National Bank has done its job well in this time of world recession. It has been flexible and imaginative in its use of the instrumentalities at its disposal. One recent example: Slack interna-

tional demand had sent a number of local companies into receivership, robbing banks of performing loans and the government of tax revenue. By organizing a swap of non-performing loans for government-issued bonds, the central bank and the Ministry of Finance equipped the troubled banks with the requisite capital backing, keeping them in the money-lending business. Through a judicious tapping of national and international capital markets (where Hungarian "paper" enjoys ready acceptance), the National Bank has helped the government cover its burgeoning deficit without having to resort to the wholesale printing of money. As a result, the country's rate of inflation has remained manageable, peaking at 23 percent a few months

#### 19th-century Budapest: a major financial hub

ago and declining ever since. The decline in inflation has brought down prime interest rates, precluding a capital crunch.

Mr. Bod, a widely traveled professor of public administration and a former minister of industry and trade, has other balancing acts to perform. In a welcome move, international banks have flocked to set up branch offices and subsidiaries in Hungary. Mr. Bod's job is to make sure that these heavyweights do not crowd out their fledgling domestic counterparts.

"Actually," says Mr. Bod, "a natural market division is

emerging. The international banks have concentrated on our major international companies. Hungarian banks, while staking out a share of this sector, have been successful in retaining the retailing and local corporate areas."

In its efforts to keep Hungary's financial system on an even keel, the National Bank can count on two powerful allies: Hungary's private households, whose thriftiness is legendary, and its entrepreneurs, whose gusto for risk-taking and corporate innovation gave the country a nearly "instant" financial community.

Over the past four, difficult years, Hungarians have saved an average of 12 percent of their incomes — a remarkable feat in times of privation. These savings, in turn, have helped the government and the financial community withstand the worst effects of recession. Hungary's banking traditions are long and storied. Late 19th-century Budapest was the fastest-growing city in Europe; its banking community was instrumental in facilitating this expansion. Budapest served as one of continental Europe's great financial centers.

Many of today's banks trace their lineages back to the pre-World War II era. Many were incorporated into the communist era's state-controlled banking system, only to be relaunched in the late 1980s, after the Hungarian government liberalized restrictions on shareholding, foreign-currency dealings and asset holdings.

These liberalizations set off a heated bank-founding boom. Participants were state agencies, incipient corporations, local investors and international financial houses. These new banks, in turn, following the model of Ger-



"A natural market division is emerging," says Peter A. Bod, president of the National Bank of Hungary.

many's "universal banks," jumped into leasing, commodity dealing, private and merchant banking, factoring, real-estate brokerage, venture capital and nearly all other kinds of financial services.

One example is the Kereskedelmi Bank Ltd. A predecessor, the Hungarian Commercial Bank of Pest, was chartered in 1841, nationalized in 1947 and re-established in 1987. The K&H Bank, as it is commonly known, has made up for lost time. Within two years of its founding, it had gone international, entering the world's capital markets. By 1990, the bank, which bills itself as Hungary's second largest, had set up an international network of branch offices and correspondent banks. T.S.

ADVERTISING SECTION

# WHEN HALF A LOAF IS BETTER THAN NO BREAD AT ALL

Although Hungary's full integration into Europe is, at best, a distant prospect, almost all the country's economists acknowledge the importance of developing closer, institutionalized relations with the European Community.

In the 1980s, well in advance of the collapse of the communist structure in Eastern Europe, relations between Comecon - to which all the countries in the region belonged - and the EC were rapidly strengthening. In 1990, Hungary, together with Poland and Czechoslovakia, was included in the Generalized System of Preferences. This set in motion the process that culminated in 1991 in the conclusion of "Europe Agreements" with those three countries, the purpose of which was to establish free trade in industrial goods and promote economic cooperation.

The increasing speed of Hungary's transition to a free-market economy and its restructuring clearly necessitate more intense contacts with the EC. Hungary lost most of its market after the collapse of Comecon, and domestic demand has been declining for several years.

Under the old "socialist" system, the fulfillment of preset production quotas was all-important. Today, flexibility, economic thinking and managerial imagination are at a premium to cope with the new competitive circumstances.

Meanwhile, the number of East European countries seeking integration with the EC has risen to six. As far as Hungary is concerned, the Association Agreement signed in Brussels on Dec. 16, 1991 comprises nine main areas; these include political dialogue, the free movement of goods and the supply of services, migration of workers, capital movements, as well as economic, cultural and financial cooperation. The agreement has to be ratified by both sides. Among all the Europe Agreement countries, Hungary is the most advanced in this respect, with ratification completed by Denmark, Ireland, Luxembourg, the Netherlands, Britain, Greece and Spain. An Interim Agreement went into effect in March 1992 so that the trade-related provisions could be quickly implemented.

It is worth recalling that in March this year, Hungary signed a free-trade agreement with the European Free Trade Association, which went into effect this September after approval by the Hungarian Parliament. The agreement, which provides for free trade to be developed over the next 10 years, is similar to the interim agreement between Hungary and the EC. According to the EFTA agreement, customs duties as well as duties on industrial imports from EFTA countries into Hungary will be phased out over the next five years.

It is quite clear that the Europe Agreement will bring Hungary only part of the way toward its goal, namely integration into Europe, but in view of the uncertainty prevailing in the EC, the Hungarian view is that half a loaf is better than no bread at all.

D.H.

# WHERE CAPITALISM MEETS AUSTRO-HUNGARIAN EMPIRE

An array of traditional places to go and things to do continues to define Budapest, despite the increasing business and cultural influence of Western Europe and the United States.

The Castle Hill district crowns the city on the Buda side of the Danube River (Pest lies across the river). The oldest part of the Hungarian capital, Castle Hill is graced by cobblestone streets lined with lovingly restored Baroque houses.

Remnants of the medieval period are maintained here as well. Originally built in the 13th century, Matthias Church now has a Gothic structure. It was restored a century ago by architect Frigyes Schulek.

His work, particularly the interior vaulting and other decorations, recreated much of the church's early splendor. Several Hungarian kings, including the church's namesake Matthias

Corvinus, were married or crowned before its altar.

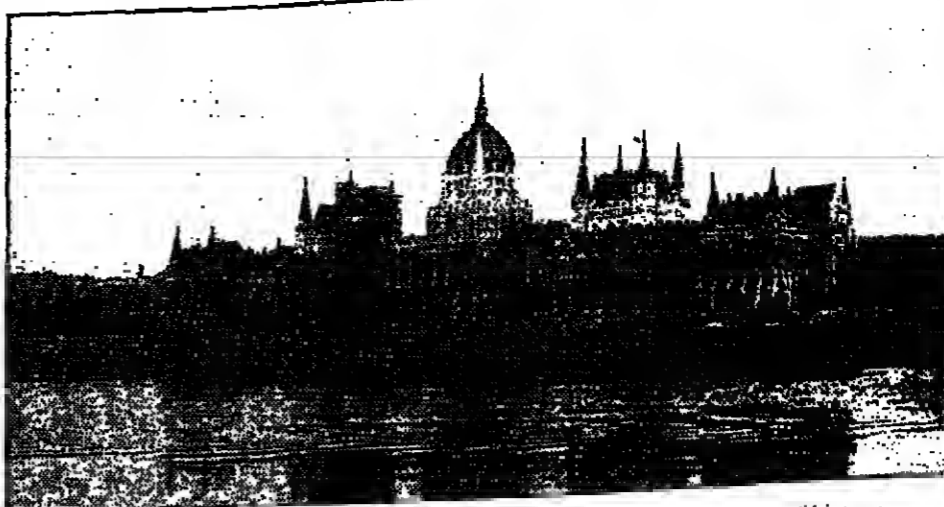
Directly behind the church, just off the Szentharomsag ter (Trinity Square) is another medieval-style Schulek composition - the Fishermen's Bastion, or Halasbastyia. Its seven turrets commemorate the seven Magyar tribes who founded Hungary in 896 A.D. The Bastion's terraces and archways provide one of the most spectacular views in Europe. In the evening, the Royal Palace in Buda, the neo-Gothic Parliament in Pest and the Chain Bridge that links both sides of the city are dramatically flooded in golden light, their reflections dancing on the Danube.

The neo-Baroque Royal Palace is just a short walk from the Bastion. Its foundations laid seven centuries ago, the palace has since been enlarged, pummeled, restored, destroyed and

then finally rebuilt after World War II. Today, the palace houses several museums, including the National Gallery, which displays works by Hungarian masters Csontvary and Munkacsy, and the Budapest History Museum, where artifacts document 2,000 years of the city's tumultuous rule by Romans, Magyars, Turks and Austrians.

Now ruled mainly by capitalists, Budapest features glittering storefront windows and luxurious shops. These are mostly found across the Danube in Pest, in the pedestrian street Vacu utca and the surrounding area. Everything from designer clothing and shoes to exquisite jewelry abounds here.

For traditional Hungarian treasures, the Folk Art Trading Co. at Vacu utca 14 has plenty of colorful ceramics in centuries-old designs. Just steps away, at



Budapest: chic boutiques, gracious dining and a testament to 2,000 years of history.

Jozsef Nador ter 11, is an outlet for Herend, one of Europe's historic fine-porcelain houses.

Between the two stores, on the Vorosmarty ter, is the 19th-century Cafe Gerbeaud. With an Old-World decor that recalls the Austro-Hungarian Empire, Gerbeaud is ideal for sipping Hungary's well-known wine, Tokaji. The sweet Tokaji Aszu mingles best with the cafe's tempting cakes, such as Dobos-

torta and Eszterhazy. Other gustatory pleasures can be experienced at several local restaurants. The classic choice is Gundel, recently restored to its turn-of-the-century grandeur by gourmet George Lang. Situated at Allatkerti korut 2 in Pest, Gundel serves up a roster of Hungarian specialties, including tender and tasty roasts.

Thermal spring baths are another Budapest specialty. Their therapeutic benefits

were enjoyed by the Romans, and the Turks nurtured the bath culture during their 16th- and 17th-century occupation of the city. Some of these baths, including the Kiraly and the Rudas, are still in use today. From more recent times, the lavish Szechenyi (near Gundel) and the Art Nouveau Gellert are as pleasing to the eye as they are to the body; they should not be missed.

Darrel Joseph

# \$5 BILLION IN INVESTMENTS IN RECENT YEARS

Born in Pecs, Hungary in 1934, Bela Kadar earned a doctorate in economics in 1980; he also holds various postdoctoral qualifications. Before being named Hungary's minister of international economic affairs in 1990, Mr. Kadar had a 34-year career as a senior economist at various national economic research and planning bodies. He has held chairs of economics and international trade in Hungary, Chile and Peru. In this interview, he talks about the quality and quantity of foreign investment in Hungary.

Hungary has displayed a remarkable ability to attract foreign investment. Have there been any changes in the volume of investment or in the makeup of the investors over the past years?

The volume has held remarkably steady. It amounted to \$900 million in 1990 - thus far surpassing in a single year all the investment the former communist regime had managed to secure in the previous 17 years. It came to some \$1.7 billion in 1991 and to the same figure in 1992. For the first half of this year, we have seen an inflow of \$700 million. Hungary's share of the world's total foreign investment has nearly tripled over the past four years.

The sources of this capital have changed. In 1990, American corporate giants discovered Hungary. By the end of the year, one-half of all foreign investment in our country had come from American companies. As other countries, including Switzerland, followed suit, that share began slipping, and it is currently a little below 40 percent. We are currently witnessing a rise in Germany's share and the entry of such "new" countries as South Africa and Russia into the Hungarian market.

Where has the money been going?

Up until 1990, two-thirds was going into the service sector. That has completely changed. At the moment, 60 percent is being allocated to the production sector.

When will this \$5 billion investment in Hungary begin to make its presence felt?

It already has. After all, one-sixth of Hungary's export revenues are now being generated by these ventures. There has been a change in strategy on the part of many foreign investors. After they set up their factories, they first concentrated on supplying our domestic market, with a great deal of success, as a look at the figures for numbers of cars sold last year indicate. But our domestic market is relatively small, and now they are turning toward international markets.

What explains the continuing popularity of the joint venture as a vehicle for non-Hungarian investment in your country?

At the end of the communist regime, there were less than 2,000 so-called joint ventures in Hungary, although these were actually cooperation agreements. There are now more than 15,000 of them - up 5,000 since the beginning of the year. Foreign investors like joint ventures because of the added security they offer - the foreigners get a local partner with an in-depth knowledge of domestic markets and regulations. That is why there are only 3,000 joint ventures exclusively owned by foreigners in the country.

The relative size of the company entering the Hungarian market is also a key determinant. For instance, large American multinationals prefer to go it alone, to set up

wholly owned subsidiaries. Austrian companies tend to be small in size. They have entered into more than 3,000 joint ventures.

Hungary has been highly successful in international markets, recording trade surpluses over the past three years before slipping into a deficit in the first six months of this year. This achievement has come despite the collapse of its Eastern markets and a recession-caused slackness in its Western ones. What is behind this performance?

In 1990, aided by a short-term, government-funded export promotion package, our companies began to quickly reorient themselves toward markets in the West. This reorientation was successful. In 1992, more than 50 percent of Hungary's trade was carried out with the developed industrial countries.

What role do you see emerging for Hungary in the Central and East European region?

I think both local and international companies are finding Hungary to be a good business base for the region. Our trade with Romania, for example, increased 56 percent last year and is rising at a 30-percent rate this year. The same pattern holds true for Slovenia, Croatia and Ukraine.

Interview by Terry Swartzberg



Mr. Kadar: "There has been a change in strategy."

# HUNGARY: THE COUNTRY OF FLAVORS

Take a pound of fresh beef, half a pound of mixed vegetables, one-and-a-half pounds of potatoes, two tablespoons of oil, onions, salt, paprika and bay leaf according to taste. Fry the finely chopped onions in the oil, add red paprika and beef cubes. Salt and cover with some water, and when the meat is almost cooked, add the vegetables and potatoes. Season with bay leaves and green pepper. When cooked, serve the Hungarian Goulash.

### Agriculture: A National Asset

Hungary is known throughout the world for its goulash. Anyone who ever sat over this fragrantly steaming Hungarian specialty will remember the taste of goulash for a long time. Hungary means more than goulash, however. Over 30 million tourists come to Hungary every year, and nearly every second Hungarian goes abroad. Eating habits vary in the Hungarian nation, and its kitchen has been made even richer by Italian, German, French and Far Eastern tastes. This central East European country is blessed by nature. The rich, arable land is slashed by rivers abounding in water. Its 93,000 square meters of plains and hills blend into each other. The lake sides, with their volcanic soil, offer an ideal climate for wine producing. Thanks to nature, Hungary is a country of many flavors, but cooks who want to try Hungarian flavors in their own kitchens do not have leave their country. The soil of this little country produces more foodstuffs for its people than they can consume. For several decades, three-quarters of Hungary's food products have been sold abroad.

The food industry sold \$2.6 billion worth of produce abroad in 1992, representing one-quarter of all exports. Because of this capacity, agricultural production is of major importance to the nation. This has been the case for centuries. Traditionally, Hungary has been referred to as the larder of Europe, not only because of its rich soil but also because of the expertise of its agricultural workers and their love of their work. The sunshine and quietly soaking rain fill the vegetables and fruits with aroma. Hungarian meat also has a special taste in the frying pan. The care of thousands of experts has gone into its development before it reaches the table.

If you feel like tasting Hungarian goulash based on this recipe, you can buy all the ingredients in the United States or Western Europe. Hundreds of types of Hungarian products are now available in America and the countries of the European Community. Nearly \$100 million worth of Hungarian products are exported to the United States, and \$1 billion worth to the countries of the European Community.

### The Hungarian Kitchen Abroad

The advantageous general custom reference (GSP) is not only a help to this small country, but also to Americans who love Hungarian food. Hungarian exports arrive in the United States duty free, making Hungarian food, wine and champagne less expensive for Americans to buy. The countries of the European Community have also given preferential treatment to Hungarian exports. An agreement in effect since the spring of 1992 allows food exports to increase up to 10 percent until 1997, and customs duties will be reduced until 1995 with 20 percent annually. These advantages help to ensure a sufficient supply of Hungarian food on the shelves of Western supermarkets.

About half a million Hungarians now live in America or Western Europe. In Hungary, we say that the biggest Hungarian town after Budapest is Cleveland, where nearly 200,000 Americans of Hungarian origin live. They preserve the customs learned from their parents and cook Hungarian meals regularly. Others have come to love Hungarian cooking as well, as is proven by the many Hungarian restaurants that operate in Western cities, where diners can enjoy the unadulterated flavors of the Carpathians. The Hungarian food industry not only satisfies its own nation but accommodates many other customers as well. One of the best examples is our high-quality ham. Some 55 percent of our ham exports find customers in America. Hungarians call this fat-free, appetizingly sliced product "American ham."

### Presentation Counts

There is a long tradition of exporting Hungarian food to Western markets. Hungarians not only want to preserve, but also to develop this custom and continue the mutually advantageous relationship. Hungarian producers are also aware that their Western partners know that Hungarian food products are of higher quality than their packaging would indicate. It is true that until now, we cared more about production than marketing, but the marketing sector is currently being upgraded. A government initiative for a collective food marketing program has received financial support. Its aim could be summarized as "selling goods well." Its goal is not only to search for new markets for the producers but also to encourage quality control. The philosophy of international food marketing is that building up a market is not just an economic task. Customers need to be found, but new products must also be developed and presented to the market in attractive packaging with proof of quality controls. The collective food marketing program is working on the development of an agricultural information system to conduct and disseminate market studies and to offer products made in conformance to international standards.

Visitors to important food industry fairs can meet with the Agromarketing Kft, one of the participants in the program, which provides information upon request on products and passes on messages to make merchants' jobs easier.

### The Sign of Confidence

Another initiative of the Hungarian food marketing program is the development of a trademark, which serves as proof of Hungarian origin and quality. The trademark means that the product contains Hungarian ingredients, was made in Hungary and is of special quality. The trademark is awarded only to products that meet the approval standards of the Hungarian Foodstuffs Book and the standards of the receiving country. The trademark is a sign of confidence. It will be introduced at the Anuga Food Industrial Exhibition in Cologne, Germany. Look for the Hungarian trademark. You will find extraordinary quality!

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## A VOYAGE OF DISCOVERY

"My tourist gospel for Hungary," says Tamas Teglassy, president of the Hungarian Tourist Board, "is that the whole population should be encouraged to support tourism."

Mr. Teglassy returned last year to his home country after nearly 50 years abroad, most of them spent in English-speaking countries. His uphill task is to revamp an industry that had largely grown accustomed to the self-complacency of a "planned economy," where it had been sufficient for the country to bask in the reputation of being the "most cheerful barracks in the bloc." Now Hungary has to change its image as an East European pseudo-paradise and compete on equal terms with the rest of the tourist market.

The first step has been to adopt and, as far as possible, propagate a new corporate identity. "Hungaria" has been chosen as the universally identifiable handle for a country that otherwise rejoices in the unwieldy title of "Magyarország." In an effort to get away from the former horseherd-goulash romanticism, the slogan "Europe's hidden treasure" is intended to draw attention to the true tourist values resulting from 11 centuries of national development in the heart of the continent.

It is not so much the

number of visitors that is at stake. Last year, notwithstanding the drastic reduction in tourists from East European countries, Hungary welcomed 20 million tourists, who spent a total of 105 million nights in the country and an estimated \$1 billion to \$2 billion. The aim, rather, is to improve the quality of the industry by promoting further privatization, encouraging foreign investors, involving

*No longer  
"the bloc's most  
cheerful barracks"*

more individuals in tourism and rapidly realizing an educational and retraining program with more emphasis on the human factor.

Foreign banks are already displaying interest in development possibilities for Hungarian hotels. At the recent World Travel and Tourism Council meeting in Budapest, an approach was mooted to the European Bank for Reconstruction and Development for support for the industry, which generates one job in 15 and is the most important single employer in the country. American Express is already sponsoring instruction in tourist-trade topics at three leading Hungarian secondary schools.

Mr. Teglassy has identified three main sectors on which this qualitative approach should be concentrated: thermal spas and health resorts; congresses, shows, and incentive and business travel; and tourism focusing on entertainment, arts, sports and hobbies.

As far as incentive travel is concerned, he sees Hungary as an ideal target thanks to its unique culture, rich folk traditions, fine gastronomy and viticulture, beautiful capital and, last but not least, hospitality.

In addition to Budapest and Balaton (Europe's largest freshwater lake), major tourist destinations include the lake of Fertő and a 14,000-hectare National Park, which reach across the frontier into Austria. The park offers refuge to some 300 species of birds, including the heron, graylag goose and marsh harrier. The best base from which to explore the region is the exquisitely preserved medieval town of Sopron, which is also the center of a fine wine-growing district. For tourists with a thirst for music, there is the nearby Palace of Fertőd, where Joseph Haydn worked for nearly 30 years at the court of Prince Miklos Esterházy (known as "The Glorious") and where frequent concerts are given.

From a historical point of view, the south of the country has much to offer.



"Hungarian Versailles": Joseph Haydn worked at the Esterházy Palace for 30 years.

Worth visiting are Mohacs, where King Lajos II was killed in a Turkish onslaught in 1526; Kalocsa, heart of the paprika-growing industry and known for colorful folklore performances; and Pécs, characterized by its many relics of the Turkish occupation, the Jugendstil Zsolnay porcelain manufacturers and a museum devoted to abstract painter Victor Vasarely, a native son.

The immediate priority for the Hungarian tourist industry is to prepare for the Budapest-based Expo '96, the last world fair of the century. Numerous ten-

ders are still open for construction work in the capital, and many other cities and towns are gearing up to join the preparations. Major road-building contracts have been awarded, including those for the completion of the Hungarian stretch of the Budapest-Vienna highway and of its branch from Mosonmagyaróvár-Rajka to the Slovak border; both contracts have gone to the Hungarian-Austrian-French consortium Euro-Expressway. Before the end of the century, three more highway construction stretches will be put out to tender for an

estimated investment cost of \$2.5 billion to \$3 billion. Modernization of the railway-signaling system will likely be put in the hands of Alcatel-Austria, and digitalization of the whole Hungarian telephone network is already well advanced with the participation of Siemens.

Meanwhile, Malev, Hungary's national flag carrier, recently acquired a partner - Alitalia, its Italian counterpart. The two have set up a frequent flyer program. Once completely phased in, the scheme will cover the airlines' joint network. David Hermges

## THE SUMMER OF 1996: READY TO REMEMBER

No one can say the Hungarians are not ambitious. Hardly had they broken the constraints of a centrally planned economy than they voluntarily accepted the task of staging, on their own, a costly and complex world's fair.

The project was to have been a joint two-city show in 1995, with Vienna and Budapest sharing the honors. Austria, however, opted out of the project after a plebiscite, and Hungary decided to go it alone, with a year's delay. Approved by the Paris-based Bureau International des Expositions, Expo '96 will be a full-fledged specialist fair, revolving around the motto "Communication for a Better World."

The decision to proceed was made easier by the fact that 1996 marks the 1,100th anniversary of the settlement of Hungary by the ancient Magyar tribes, and some eye-catching events would have had to be staged anyway. From May 11 to Oct. 4, 1996, at least 12 million visitors are expected, more than the whole population of Hungary. An estimated \$1 billion will be spent on the fair's infrastructure, planning, construction and operation.

The site chosen is a 50-hectare (124-acre) former flood area on the right (Buda) bank of the once unregulated Danube. Clearance work, including disposal of ammunition dumped there at the end of World War II, has been completed. Work is well in hand for the exhibition pavilions - which will be used after the Expo for a new Technical University campus - as well as for hotels, office complexes, luxury apartments and a shopping center taking up 30 hectares on the opposite (Pest) bank of the river. The whole complex is only a 10-minute ride from the city center on a public transport system that is already being upgraded.

The main responsibility for the Expo rests on the shoulders of Etelka Barsi-Putaky, the commissioner-general, who is developing the detailed program. More than 40 countries and international organizations as well as 12 to 15 multinational companies will be participating. They will contribute to the central theme, which points the way to a more hopeful future through the sensible application of technological developments to all aspects of human communications. Apart from person-to-person links using both time-honored and advanced systems (such as interactive voice recognition) as well as futuristic mass communications, Ms. Barsi-Putaky would like to see plenty of space at the Expo devoted to intercultural communications, and the planning of the Expo site has been undertaken with this in mind.

"Hungary, with Expo '96, has shouldered a task that has never before been considered by a country of its size," says Bela Kadar, minister for external economic relations. He adds that he is sure that the fair's visitors, whether professionals looking for business or tourists longing for unforgettable moments, will all spend marvellous days in Budapest during the summer of 1996. D.E.

## A HARD TIME COPING?

Otto von Habsburg, who speaks Hungarian fluently, once described it as "an Asiatic language, mastery of which helps one to understand the Japanese mentality." For those who have difficulty in coping with Hungarian, here are a number of relevant publications in English:

"Expo Business" is a magazine with vital information for those wishing to keep abreast of preparations for the World's Fair (Expo '96) and its commercial aspects. Publisher Gabor Vago will reply to enquiries and can mail local tenders to interested parties. (Write to

Visegrádi utca 62, H-1132 Budapest)

"The Calendar of Conferences and Other Events in Hungary," with listings up to 1997, draws attention to no less than three major international congresses devoted to data processing and communications within the next 12 months. The publication covers many other special events, including the big "Photo Expo" opening later this week in the Budapest Sports Hall. (Hungarian Convention Bureau, Kecskeméti utca 14, H-1053 Budapest)

"Spas in Hungary - In Balneis Salus" gives details of the 128 health resorts scattered throughout the country, 30 of them in the capital alone, with an index of all the complaints, from anorexia to uric acid, that can be cured or alleviated. (Hungarian Tourist Board, Vigadó utca 6, H-1088 Budapest)

Three profusely illustrated albums in the "Taste Hungary" series are devoted respectively to "Lake Balaton," "Sopron and Surroundings" and "The Hortobagy Region." They are packed with scenic and culinary delights, plus many good recipes. (Corvina Books, Vorosmarty ter 1, H-1050 Budapest)

Meanwhile, for-railroad buffs grown restless with armchair traveling, Hungary offers a good choice of old-time excursions:

A "Nostalgia" train runs down to the pusza (the dry, low-lying steppes that stretch across much of Eastern Hungary) every week with a steam locomotive and a dining compartment that saw service on the legendary Orient Express. The operator has the exclusive right to use rolling stock that is of museum standard and very valuable. (Tanyacsarda Co., POB 23, H-6050 Lajosmizse)

The "Szechenyi Museum Train, Nagycekenk" and the steam locomotive trips around "Lake Fertő and along the whole network of the Gyor-Sopron-Ebenfurt Railway" are run from Sopron near the Austrian border. (Locomotiv Tourist, Uj utca 1, H-9400 Sopron)

Compiled by D.E.

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# NYSE

Wednesday's Closing  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Symbol	Price	% Change
IBM	105.00	+0.12
MSFT	56.00	+0.12
ORCL	48.00	+0.12
INTL	35.00	+0.12
DISC	25.00	+0.12
WALT	15.00	+0.12
AMZN	12.00	+0.12
GOOG	10.00	+0.12
YHOO	8.00	+0.12
EBAY	7.00	+0.12
SHOP	6.00	+0.12
ETSY	5.00	+0.12
WYNN	4.00	+0.12
PLUR	3.00	+0.12
WYNN	2.00	+0.12
PLUR	1.00	+0.12
WYNN	0.50	+0.12
PLUR	0.25	+0.12

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THE TRIB INDEX

INTERNATIONAL M  
A Little Social  
German Econ

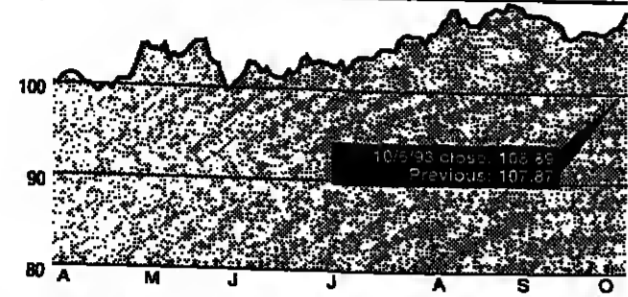
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## THE TRIB INDEX: 108.89

International Herald Tribune World Stock Index, composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

Region	Approx. weighting	Approx. change	Close
Asia/Pacific	25%	+0.17	125.92
Europe	40%	+0.17	109.01
N. America	35%	+0.17	93.14

Industrial Sector	Wed. close	Pre. close	% change
Energy	109.54	109.35	+0.17
Utilities	116.48	113.49	+2.99
Finance	118.37	117.00	+1.17
Services	119.29	117.85	+1.31
Capital Goods	104.55	103.65	+0.87
Raw Materials	105.21	103.54	+1.61
Consumer Goods	90.25	90.15	+0.11
Miscellaneous	114.88	113.37	+1.33

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to Trib Index, 101 Avenue Charles de Gaulle, 92021 Neuilly Cedex, France.

## INTERNATIONAL MANAGER

### Can a Little Social Conflict Help German Economy?

By Brandon Mitchell  
International Herald Tribune  
FRANKFURT — While some worry that labor strife may jeopardize Germany's social harmony, the chairman of the country's biggest bank says a little conflict is just what Germany needs to get back on its feet. "We Germans have an insatiable need for social harmony and too little conflict culture," Hilmar Kopper, chairman of Deutsche Bank AG, told foreign journalists here this week.

Chairman of a bank whose influence, through equity investments, extends across all of corporate Germany, Mr. Kopper had few kind words for the country's labor market. "We have far too little market economics in Germany," he said Tuesday night, "especially in the job market, which is really an overregulated, inflexible regime."

Mr. Kopper said costly labor compromises tailored to avoid conflict often hurt workers more than help them. "Because everything is so slow and expensive, people are much more cautious to hire new workers when the economy shows signs of an upturn," Mr. Kopper asserted.

The umbrella organization that represents companies in the West German automotive, electronics and engineering industries recently took the unprecedented step of canceling a labor contract. The action put employers on a confrontation course with unions, which historically have been the ones to make that kind of move to bargain for better terms.

Although IG Metall, the country's biggest union, described the action as a "declaration of war," Mr. Kopper said he did not fear any social turmoil as a result of growing unemployment. While unions have used words like those to protest cuts in wages and benefits, many workers who have been polled in surveys have said they were willing to accept pay freezes or make wage concessions to preserve their jobs.

Even in the banking sector, where profits have surged on a wave of international expansion, Mr. Kopper warned, cutbacks are far from over. "In Germany, our bank has had fewer workers at the end of each of the last three years than it had at the start of each year," he said. "Worldwide, we're growing, but this year we'll have 1,500 people fewer in Germany." He said that the same was true at other German banks.

Some of the financial sector's cutbacks result from the introduction of new technology, while others are a reaction to growing competition from public-sector banks, he said.

## New MITI Chief Speaks His Mind But Is His Outspokenness Only a Political Tactic?

By Steven Brull  
International Herald Tribune  
TOKYO — "Big Business in Japan is a hotbed of collusion." "We need radical reform of the Japanese economy." "If Japan's trade surplus continues, it will be one factor leading to the destruction of the world economy." These comments may resonate with the frustrations of Western trade officials, but in fact they are views that Japan's powerful minister of International Trade and Industry, Hiroshi Kumagai, has expressed over the past two months.

Perhaps more than anyone else in the coalition government formed two months ago, the feisty 53-year-old trade minister has helped fashion an image of a new, outspoken style of politics in Japan. Yet political insiders say there may be less than meets the eye to Mr. Kumagai's rhetoric. To many longtime observers, his stridency is also a new face for Japanese politics than an echo of the strong men of the Liberal Democratic Party that dominated Japanese politics for 35 years.

Without doubt, Mr. Kumagai has added substance to the rhetoric of Prime Minister Morihiro Hosokawa, whose coalition overturned the Liberal Democrats last summer with a message of reforming Japan's politics. Mr. Kumagai has openly criticized his fellow cabinet ministers and has campaigned for tougher enforcement of antitrust laws, more transparent public works bidding procedures, and drastic corporate restructuring.

Even then, he has warned, unemployment will rise. His comments are remarkable for a ministry that was a major architect of Japan's postwar economic miracle. Just a year ago MITI, as the ministry is known, was defending Japan's markets as the most open in the world, and criticizing foreign countries on how unfair their trade policies were.

"These are things that ministers have never said before. That in itself is striking." A retired MITI official said. "These are things that ministers have never said before," said one recently retired MITI official. "That in itself is striking." "I've been quite struck," said Norman Neupert, vice president of Texas Instruments Asia Ltd., echoing views common in the foreign community here about the new administration. "Everyone's talking about addressing problems, which is quite salutary."

Yet while Mr. Kumagai's comments are unusually sharp for a MITI official, they are hardly without precedent in Japanese politics. Many observers place his comments within the long tradition of the old ruling party leadership. To them, Mr. Kumagai's caustic criticisms of the Bank of Japan are reminiscent of Shin

## As Bull Entreats, EC Investigates Past French Aid

BRUSSELS — The EC Commission said Wednesday it would investigate French state aid for Groupe Bull, the unprofitable state-controlled computer maker that is seeking a 9 billion franc (\$1.59 billion) bailout.

A commission spokesman said the inquiry had been undertaken because the French government and the state-owned France Telecom, which own 90 percent of Bull, had not submitted a restructuring plan to Brussels as they had promised in connection with a 2.5 billion franc infusion in February.

That money, initially described as a loan, has since been integrated into Bull's capital and will not be repaid. It comes on top of subsidies totaling 11.5 billion francs in the decade from 1982 to 1992.

Last month, Bull asked France for an additional 9 billion francs, reportedly on top of the 2.5 billion franc infusion. A commission official said the EC was waiting for the French government to come up with a restructuring plan in which it was expected to announce the total amount of aid needed to help the computer company get back on its feet.

The commission, which can veto state subsidies if it believes the money will damage competition, said that without a restructuring plan the February subsidy could not be exempted from EC state aid rules. "This is clear state aid," said Bruno Julien, spokesman for Karel Van Miert, the EC competition commissioner. "The only kind of justification for the state aid will be if Bull agrees to restructure the company making it viable without state assistance."

There are three possible outcomes to the inquiry. Either the commission accepts the restructuring plan as it is, or it rejects it outright and obliges Bull to pay back the money, or it reaches some compromise whereby some state aid is permitted. Bull's request for 9 billion francs in additional aid has caused turmoil in Prime Minister Edouard Balladur's coalition cabinet, just as the government's effort to sell state companies is starting.

According to French press reports, Finance Minister Edmond Alphandery, who is politically close to Prime Minister Balladur of the Rally for the Republic party, favors giving Bull the 9 billion francs it is seeking on the understanding that it will be a once-and-for-all injection of funds, which would put the company definitively back on its feet.

In contrast, Alain Madelin, a member of the centrist Union for French Democracy and the minister for small industries, is opposed to the plan, saying it would amount to pouring two years' tax payments from small businesses into a monopolistic computer company. The cabinet debate is mirrored by disagreements over what Bull's strategy should be.

The discussion has focused on whether Bull should specialize in designing computer systems for companies and offices, a business known as systems integration, or continue to build a broad cross-section of computer products. "Systems integration is a very crowded market," said Philippe de Marillac, an analyst at Datquest Europe in Uxbridge, England.

Annual sales tumbled 27 percent from 1989 to 1992, to just 30.19 billion francs last year, and skidded 9 percent in the first half of this year. The company has slashed 12,000 jobs since 1989, reducing its workforce to 35,000. But Bull's efforts at cutting back on surplus employees are being stymied. Like other state companies, it is under pressure from the government not to lay off workers at a time of 11.7 percent unemployment in France. (Bloomberg, Reuters, AFP, AP)

## Allianz Reveals Key Share Holdings

MUNICH — Allianz HG Holding, Germany's largest insurer, revealed Wednesday a number of previously unknown shareholdings in major German industrial companies in a bid to comply with new European Community disclosure guidelines due to come into force in 1994.

The investments that were revealed include a 14.4 percent stake in chemicals company BASF AG, a 12.9 percent holding in the electric company RWE AG, a 12.1 percent stake in the power company VEBA AG, and 14.8 percent of the construction company Linde AG.

Based on current exchange rates, Allianz said it expected premium income to reach over 62 billion DM in the full year, up more than 14 percent from 1992. Regarding the revelations about shareholdings, the company stressed that the holdings published Wednesday referred to the end of June and that they might have changed since then.

"It's a political signal," said Emilio Galli Zugro, a spokesman for Allianz, claiming that it was the first German insurer to provide such comprehensive disclosure of corporate investments. "We want to demonstrate that we've become more open."

Other holdings include a 16.9 percent stake in Berliner Handels- & Frankfurter Bank AG and 11 percent in electrical utility Rheinlektura AG. Allianz has about 69 billion DM invested in shares. The share stakes revealed Wednesday had a market value of 8.9 billion DM on June 30. Share stakes revealed in last year's annual report included a 22.9 percent holding in Dresdner Bank AG and 24.8 percent of Bayerische Hypotheken- & Wechsel-Bank AG.

Regarding the company's results, Allianz's chief executive, Henning Schulte-Noelle, said that the company could expect a further reduction in its underwriting loss "if we aren't hit by unusual large claims before the year end." The group's underwriting loss shrank slightly, to 1.68 billion DM in 1992 from 1.78 billion DM in the year before.

Mr. Schulte-Noelle also predicted an improvement in overall earnings for 1993, and said this should permit the payment of an unchanged dividend of 13.50 DM.

## CURRENCY & INTEREST RATES

Cross Rates	Oct. 6
American \$	1.00
British £	0.65
French F	6.55
German M	1.36
Italian L	1.36
Japanese Y	160.90
Swiss S	1.48
Spanish P	166.37
Thai B	50.48
Yen	160.90

## Eurocurrency Deposits

Period	Dollar	D-Mark	Swiss Franc	French Franc	Yes	ECU
1 month	3 1/2-4 1/4	4 1/4-5 1/4	4 1/4-5 1/4	5 1/2-6 1/2	7 1/2-8 1/2	7 1/2-8 1/2
3 months	3 1/2-4 1/4	4 1/4-5 1/4	4 1/4-5 1/4	5 1/2-6 1/2	7 1/2-8 1/2	7 1/2-8 1/2
6 months	3 1/2-4 1/4	4 1/4-5 1/4	4 1/4-5 1/4	5 1/2-6 1/2	7 1/2-8 1/2	7 1/2-8 1/2
1 year	3 1/2-4 1/4	4 1/4-5 1/4	4 1/4-5 1/4	5 1/2-6 1/2	7 1/2-8 1/2	7 1/2-8 1/2

## Key Money Rates

Instrument	Rate
3-month Treasury bill	2.97
90-day T-bill	2.97
1-year Treasury note	3.82
3-year Treasury note	4.69
5-year Treasury note	5.22
10-year Treasury note	5.81
15-year Treasury note	6.01
30-year Treasury bond	6.28

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Herald Tribune

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MARKET DIARY

Semiconductors Recharge Stocks

NEW YORK — Share prices edged higher Wednesday in a market buoyed by a rebound in semiconductor shares, a steady U.S. bond market and expectations that U.S. employment figures this week will show an improving economy.

Analysts said the market was also underpinned by expectations that many U.S. companies will show strong third-quarter earnings.

The Dow Jones industrial average rose 11.73 points, to 3,598.99. Broader stock indexes were mixed, with the Nasdaq Composite Index rising 2.52 to 764.77, while the Standard & Poor's 500 Index fell 0.46 to 460.74.

U.S. Panel's Remarks Lead to Lower Dollar

NEW YORK — A Federal advisory panel suggested Wednesday that the dollar was too high against European currencies, and foreign-exchange dealers reacted by quickly pushing it down.

The dollar fell to 1.6230 Deutschmarks. The dollar was little changed against the Japanese yen, slipping to 105.725 yen from 105.750.

WORLD STOCK MARKETS

Table of world stock markets including Amsterdam, Brussels, Frankfurt, London, Milan, Paris, Singapore, Stockholm, Toronto, Zurich, and various regional indices.



Table of NYSE Most Active stocks including AMD, Intel, and other semiconductor companies.

Table of AMEX Most Active stocks including various technology and financial firms.

Table of NYSE Diary showing advanced, declined, and unchanged stocks.

Table of Amex Diary showing advanced, declined, and unchanged stocks.

Table of NASDAQ Diary showing advanced, declined, and unchanged stocks.

Table of Dow Jones Averages including Industrial, Transportation, and Finance indices.

Table of Standard & Poor's Indexes including Industrial, Transportation, and Finance indices.

Table of NYSE Indexes including Composite, Industrial, and Finance indices.

Table of NASDAQ Indexes including Composite, Industrial, and Finance indices.

Table of AMEX Stock Index including Composite, Industrial, and Finance indices.

Table of Dow Jones Broad Averages including 30 Stocks, 10 Industrials, and 10 Financials.

Table of Market Sales including NYSE, AMEX, and NASDAQ volumes.

Table of NYSE Odd-Lot Trading including Buy and Sell volumes.

Table of S&P 100 Index Options including Call and Put options.

Table of EUROPEAN FUTURES including Food and Industrial futures.

Table of Stock Indexes including FTSE 100, Nikkei, and other international indices.

Table of Metals including Aluminum, Copper, and Silver.

Table of Spot Commodities including Wheat, Soybeans, and Corn.

Table of Dividends including various companies and their dividend payments.

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Vietnam to Get \$223 Million Loan WASHINGTON (AP) — Vietnam got an offer Wednesday of \$223 million in loans from the International Monetary Fund, its first to Vietnam in 12 years.

Goodyear to Post Higher Earnings AKRON, Ohio (Combined Dispatches) — Goodyear Tire & Rubber Co. said Wednesday it expected third-quarter net income to rise to between \$130 million and \$135 million a year earlier.

ITT Has \$1 Billion Las Vegas Plan LAS VEGAS (AP) — ITT Corp. plans to build a \$1 billion, 5,000-room resort on property bought from billionaire Kirk Kerkorian, the company said.

Diet Coke Ad Account Is Shifted NEW YORK (NYT) — Coca-Cola Co. has moved its main Diet Coke advertising account from the agency that helped introduce the brand in 1982.

For the Record Chemical Banking Corp.'s chairman, John McGillicuddy, said strong trading revenue would bring record third-quarter earnings for the company.

Global sales of American-produced electronics goods and services rose 4.8 percent to \$32.3 billion, in the second quarter, the American Electronics Association said.

Institutions Race for BNP PARIS — France said on Wednesday its offer of shares to French and foreign institutions in the privatization of Banque Nationale de Paris had been oversubscribed more than 12 times and was closed.

Given the size and speed of the success the offer met, Edmond Alphandery, economy minister, has decided to close early the tranche reserved for institutional investors.

France on Tuesday began its privatization of BNP, the world's 12th-largest bank, selling 40 percent of the bank's shares at what analysts called a bargain-basement price of 240 francs (\$42.48) each.

Table of EUROPEAN FUTURES including Food and Industrial futures.

Table of Stock Indexes including FTSE 100, Nikkei, and other international indices.

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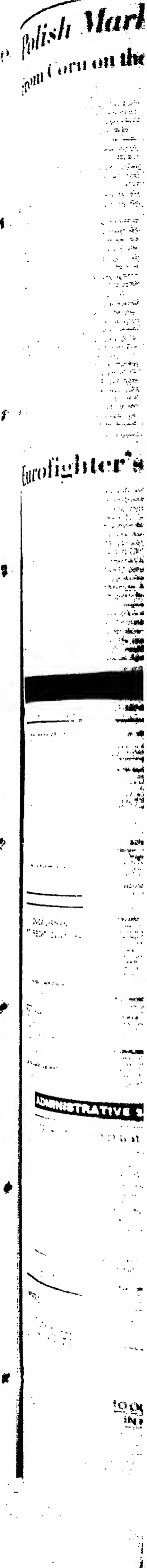
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Table of Spot Commodities including Wheat, Soybeans, and Corn.

Table of Commodity Indexes including various commodity price indices.



Polish Market Treasures Junk Food From Corn on the Cob to Pizza, a Consuming Passion

By Jane Perlez New York Times Staff Writer WARSAW — Poles love pizza. But Pizza Hut did not know they loved pizza that much. Or that they would fall for corn on the cob, or burritos, or for that matter, Taco Bells.

As with fast-food eaters the world over, Poles like to be in American-style, squeaky-clean surroundings. The interior of the three-in-one restaurant at Warsaw's Bank Square is decorated with murals of Chicago, which has the largest population of Poles outside Poland.

'We're doing much more business than in Moscow.' Nick Howie, business development manager in Eastern Europe for Pizza Hut.

crowded tables and checked how the sour cream was being prepared for the burritos. "We'd predicted about 15,000 transactions a week. We're doing 25,000."

year, the company will venture to some of Poland's other cities, including the cultural and university center of Cracow. McDonald's Corp. has been in the Polish market longer and set records of its own. In 1992, the Warsaw McDonald's had 31,000 transactions on its opening day, and last month, a venue in Gdanek on the Baltic Sea outdid that number by 3,000 on opening day.

Spain Urges VW To Keep SEAT As 'Intact Unit'

MADRID — Deputy Prime Minister Narcis Serra said after a meeting with the chairman of Volkswagen AG, Ferdinand Piëch, that VW's loss-ridden Spanish unit SEAT SA should be kept as an "intact unit."

He also said SEAT had to improve its productivity to be more competitive. Mr. Serra said the talks between the government and VW would continue.

Investor's Europe Table with columns for Exchange, Index, Wednesday Close, Thursday Change, and % Change. Includes data for Frankfurt, London, Paris, Amsterdam, Brussels, Frankfurt, Helsinki, London, Madrid, Milan, Paris, Stockholm, Vienna, Zurich.

Very briefly: Credit Suisse and Swiss Volksbank, which merged in January, will close 62 branches over the next year to streamline their retail network.

Eurofighter's Takeoff Delayed Again

BONN — The maiden flight of the Eurofighter has been delayed again because further tests of its advanced controls are needed in the wake of recent crashes of planes developed by competitors.

The twin-engine plane is being built by a consortium in which Daimler-Benz AG of Germany and British Aerospace PLC each own 33 percent, while Italy's Alenia SpA holds 21 percent and Spain's Construcciones Aeronauticas SA has 13 percent.

"After consultation with the customers and all parties concerned, there is complete agreement that the first flight should take place when they have absolute confidence in the airworthiness of the software," it said.

Tietmeyer Offers Hint Of Bundesbank Easing

FRANKFURT — Hans Tietmeyer, the new president of Germany's central bank, on Wednesday held out the prospect of interest-rate cuts but indicated the Bundesbank would not risk fueling inflation.

For the right decisions in other areas, I'm convinced we don't necessarily have to maintain the level of our short-term rates, but the level of short-term rates can probably drop," said Mr. Tietmeyer.

Société Générale Profit Gains

PARIS — The French bank Société Générale reported on Wednesday that its net profit on a group share basis rose 9.2 percent in the first half, to 2.16 billion francs (\$380 million).

Consolidated net banking income was up 9.5 percent, to 20.22 billion francs, from 18.46 billion francs a year earlier.

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## Steel Jobs May Be Cut At Nippon

**Bloomberg Business News**  
**TOKYO** — In the latest sign of trouble in Japan's steel industry, Nippon Steel Co., the world's largest steelmaker, said Wednesday it was working on an extensive restructuring plan that could include job cuts.  
 A restructuring committee will present its recommendations by the end of the month, a spokesman said, and specific plans for changes in management will be ready by the end of the year.  
 The spokesman denied a report that Nippon Steel would cut 3,000 administrative and sales employees over the next three years. He said there may be job cuts but that the number had not been decided. Nippon Steel currently employs 20,000 white-collar workers.  
 Japan's four other leading steelmakers have also embarked on major restructuring programs to cope with slumping sales.  
**Hitachi Weighs Work Cuts**  
 Hitachi Ltd. is considering having workers at its video-equipment factories take two or three extra days off a month with pay, the Associated Press quoted a company official as saying.  
 Yoshihiko Shibata, the official, said the step would be in response to declining demand for videotape recorders worldwide.  
 Production at Hitachi's two VTR plants in Ibaraki and Fukushima prefectures in northern Japan has been running at one-third of capacity in recent months, Ms. Shibata said.

## A Power-Hungry China Electricity Industry Seeks \$25 Billion

**Compiled by Our Staff From Dispatches**  
**BEIJING** — China's thirst for electricity to drive its economic boom will require as much as \$25 billion in foreign investment over the next eight years to build new generators and power stations, officials were quoted as saying Wednesday.  
 "We welcome foreign business people to start joint ventures or wholly owned projects," an official at the Power Industry Ministry said in the China Daily.  
 The official said foreign investment was essential for Beijing to meet its goal of almost doubling generating capacity to 310 million kilowatts by 2000.  
 China's current generating capacity is 180 million kilowatts, and its appetite for electricity, to run factories and power the VCRs, refrigerators and air conditioners that its changing society and economy demand, is growing nearly 10 percent a year.  
 The growth in demand has caused rolling blackouts that have affected as many as 40 percent of the country's industries, especially in its rapidly growing urban and coastal areas.  
 The state is planning to invest \$9.3 billion in the power-generating sector this year, but after some banks diverted funds intended for power projects into speculative property deals.  
 Emergency loans were made, and Beijing said it was considering scrapping state controls on electricity pricing to provide for-

ign investors with more of an incentive.  
 Overseas investors in China's power industry also will be allowed to take their profits in foreign currency, the ministry official was quoted as saying, adding that the government was expected to propose other incentives soon.  
 The China Daily said that nine large foreign-funded power projects had already been approved.  
**Overseas investors in China's power industry will be allowed to take their profits in foreign currency.**  
 and five others had been submitted to the central government.  
 "More than \$8.2 billion from abroad is expected for the 14 proposed power projects, one of which is solely foreign-owned," the official newspaper said, without giving details.  
 It said the 14 projects would have a total generating capacity of 20 million kilowatts and that about 85 percent of the generators would be imported.

Under current agreements, foreign investors will run the power plants jointly with Chinese partners for 20 years, then turn their shares over to China.  
 In a related announcement, three Canadian companies — Ontario Hydro, Hydro Quebec and Power Corp. of Canada — said Wednesday in Beijing that they had set up a partnership to invest in power projects in China and other Asian countries.  
 The partnership, Asia Power Group Inc., will be set up with an initial investment of 100 million Canadian dollars (\$72 million), shared equally by the three companies. Ontario Hydro added that the group would have an office in Hong Kong.  
 The announcement was made during a visit to Beijing by the chairman of Ontario Hydro, Maurice Strong and Paul Desmarais, an official of Power Corp., who met with Chinese power-industry officials. Andrew Szende of Ontario Province's Hong Kong office said they did not discuss involvement in any specific Chinese power projects.  
 Ontario Hydro and Hydro Quebec are the largest utilities in North America. They have not previously invested in power projects outside Canada. Mr. Szende said Power Corp. is a holding company with businesses in Canada and Europe, he said. (Reuters, AP, Bloomberg)

## Taiwan Aerospace Plans Oct. 19 Vote On BAe Venture

**Compiled by Our Staff From Dispatches**  
**TAIPEI** — Taiwan Aerospace Corp. said Wednesday that its board would vote on Oct. 19 whether to proceed with a planned manufacturing venture with British Aerospace PLC, while a government official put pressure on the British company to agree to terms.  
 Yang Shih-chien, deputy economics minister, told state television: "The government has pledged the assistance it was asked to provide, and there are steps we can take. But if the company does not produce results, the steps cannot be taken and the assistance cannot be provided."  
 Under an agreement struck in January, British Aerospace and Taiwan Aerospace planned to set up a joint venture, AVRO International, to produce the RJ family of regional jets currently made by BAe.  
 The deal became bogged down on financing and a complaint that BAe was unwilling to give guarantees of technology transfer for an advanced plane, the RJX. There has been fierce parliamentary opposition to the venture in Taiwan.  
 But Ian Woodward, a spokesman for BAe in London, said agreement had been reached on the extent of technology transfer and financial support by Taiwan banks. "Financing is in place. I don't think there are any show stoppers," he said. "There are details that have to be settled but there are no fundamental disagreements on principles."  
 Taiwan Aerospace, which is 29 percent government-owned, cur-

rently has only a small assembly plant for fighter jets. Financing problems stalled its attempt in 1991 to form a civil aircraft venture with McDonnell Douglas Corp.  
 Formed in 1991, Taiwan Aerospace was meant to be a vehicle for the country to develop an aerospace industry. But it is having difficulty persuading private Taiwanese companies to invest in it.  
 Chu Sing, acting president of Taiwan Aerospace, said on state radio the company would decide Oct. 19 whether to proceed with the BAe venture. He was responding to reports the deal was near collapse.  
 The mass-circulation United Daily News, in a report echoed by other newspapers, quoted an unnamed senior cabinet official as saying the deal was "alive in name but dead in reality."  
 Questions about the deal have weighed on BAe's stock price this week. In London, it fell 11 percent (17 cents), to 400 pence, after dropping 11 pence on Tuesday.  
 The deal would allow BAe to reduce its involvement in unprofitable operations and tap a booming aircraft market in Asia. But if the arrangement collapses, the company might face extensive charges and layoffs.  
 (Reuters, AFP, AP, Bloomberg)

Investor's Asia				
Exchange	Index	Wednesday Close	Preceding Close	
Hong Kong	Hong Kong	8,041.57	7,869.48	+2.19
Singapore	Straits Times	2,039.12	2,033.51	+0.26
Sydney	All Ordinaries	2,018.80	1,998.50	+1.02
Tokyo	Nikkei 225	20,800.30	20,821.93	+0.88
Kuala Lumpur	Composite	855.77	857.98	+0.91
Bangkok	SET	1,058.24	1,019.45	+3.80
Seoul	Composite Stock	716.90	717.71	-0.11
Taipei	Weighted Price	3,814.62	3,813.28	+0.04
Manila	Composite	1,948.68	1,951.06	-0.12
Jakarta	Stock Index	439.42	441.57	-0.49
New Zealand	NZSE-40	1,982.53	1,955.61	+1.38
Bombay	National Index	1,263.20	1,266.70	-0.28

Sources: Reuters, AFP  
 International Herald Tribune

### Very briefly:

- Australian share prices broke through a key chart point when the All Ordinaries Index hit a six-year high of 2,018.8 points, up 1.02 percent. Investors focused on low interest rates and improved business profits.
  - Japan's economic slump depressed sales of both Japanese and imported cars in August after seven months of increases.
  - Indonesia's trade surplus widened to \$5.19 billion in the first seven months of 1993, up 108.1 percent from a year ago.
  - Formosa Airlines of Taiwan and Saab Aircraft AB of Sweden formed a partnership to provide maintenance services for Saab aircraft in the Asia-Pacific region.
  - Philips Electronics NV of the Netherlands said it would set up a technology development center in Taiwan that will cost 10 billion Taiwan dollars (\$372 million).
  - Dell Computer Corp., the U.S. personal computer company, launched sales in China and said it was considering making computers there.
  - Japan plans to import 133,000 tons of rice from Thailand this year to help cope with a rice shortage.
- Reuters, AFP, AP, Bloomberg

## Hong Kong Index Hits 8,000

**Compiled by Our Staff From Dispatches**  
**HONG KONG** — The major Hong Kong stock index soared to a record high for the fourth day Wednesday, helped by Governor Chris Patten's call for improved relations between Britain and China in his annual policy address to the legislature.  
 The Hang Seng Index rose 172.09 points, or 2.2 percent, to close at 8,041.57, the first time it has closed above 8,000 points. The rise came amid continued strong flows of money from foreign institutional investors, especially Americans.  
 But the departing chairman of HSBC Holdings PLC, William Purves, said the market's recent rise was too large and too sudden to be sustainable.  
 "I don't like things that travel too fast, and Hong Kong stocks are moving a bit fast at the moment," Mr. Purves said at a farewell luncheon in his honor sponsored by the Hong Kong Foreign Correspondents' Club. HSBC is the parent of Hongkong & Shanghai Banking Corp. (Bloomberg, AP)

## SUPERCAR: How the Various Components Could Be Pulled Together

**Continued from Page 13**  
 steel — at least not in the conventional view. But the Rocky Mountain Institute, a research center in Old Snowmass, Colorado, said in a recent study that composites can "emerge from the mold virtually ready to use." The result would be fewer parts and less labor than current car-body construction and, therefore, less cost.  
 Another issue is safety, but lighter need not mean flimsier, according to the institute. "Witness the Indy 500 drivers who routinely survive 230-mile-per-hour (370-kilometer-per-hour) crashes in composite vehicles," it states.  
 A typical car weighs 3,200 pounds (1,450 kilograms), the institute points out. But the General Motors Ultralight, a four-passenger "concept car" built in 1991, weighed 1,400 pounds, in large part because of the carbon-fiber composite body. The engine was closer to that of conventional power systems, a three-cylinder, aluminum-block model.  
 Another part of body design is aerodynamic drag, a factor that accounts for more and more of the energy required to move the car as speed rises.  
 The carmakers already know how to cut drag sharply. GM's Impact, an existing experimental

electric car, has about half the drag of a typical car. But GM is not convinced that consumers will like an aerodynamic design, partly because it is so different from what they expect.  
 The popular concept is a sharp nose that can knife through the air and a bulbous stern, but the Impact is the opposite, with a rounded front and a tapered back like the tail of a fish. It is also small, to present less surface to the wind.  
 Reducing body weight and wind resistance will make any car more efficient, regardless of how it is powered. But roughly equal to the wind in eating up a car's energy is braking, and internal combustion engines cannot do much about that.  
 Electronics can, however. Nearly all electric designs, from the Impact to hand-built commercial models already on the road, use regenerative braking.  
 When the driver hits the brake pedal, the motors become generators, converting the mechanical energy of the slowing wheels into electricity. That capability virtually guarantees that a super-efficient car will have an electric motor.  
 And where will that motor get its electricity? Four possibilities are being pursued.  
 The simple one is batteries, which would be recharged between trips by plugging into the

existing power grid. But for a super-efficient car to have an attractive cruising range, it cannot carry hundreds of pounds of batteries.  
 Another possibility is fuel cells. These combine oxygen from air with hydrogen, either in pure form or from natural gas or some other hydrocarbon, to make electricity.  
 Fuel cells are already approaching commercial quality for use by electric utilities, operating at very high efficiencies. But current fuel cells operate steadily, and a car cell would have to handle widely varying demand for energy.  
 One possible solution is a fuel cell that will feed a small bank of batteries, with both the cell and the batteries kicking in at moments of peak demand.  
 Yet another approach would be a flywheel, an electrical generator consisting of free-spinning wheels with magnets in the rims that can produce an electric current.  
 American Flywheel Systems, a Bellevue, Washington, company, has developed a prototype flywheel that can be charged up on household current in less than four minutes and then spin long enough to give off power to run a television set or videocassette recorder for half an hour or so.

## ADB Names A New Chief

**MANILA** — The Asian Development Bank named Mitsuo Sato, a veteran Japanese bureaucrat, as its new president on Wednesday.  
 Mr. Sato, vice-chairman of the Tokyo Stock Exchange, will take over in November from Kimimasa Tsurumizu.  
 The bank's presidency traditionally goes to Japan, the largest stockholder in the 53-member institution that has recently come under fire for the declining success rate of its projects in Asia's developing nations.

## Lehman Brothers To Advise Hanoi

**HANOI** — The Wall Street investment bank Lehman Brothers Inc. will advise Vietnam's Civil Aviation Authority on financing for a \$150 million expansion of the airport in Hanoi, a U.S. businessman close to the agreement said Wednesday.  
 Eugene Matthews, director of the consultants Ashia International, said a memorandum of understanding signed Friday made Lehman Brothers the first U.S. investment bank to sign up as a financial adviser to Vietnam.  
 The agreement is conditional on an end to the U.S. economic embargo against Vietnam.

For investment information  
 read THE MONEY REPORT  
 every Saturday in the IHT

## KUMAGAI: Outspoken Aide

**Continued from Page 13**  
 bureaucrats. He bolted the Liberal Democrats to join the Japan New Party earlier this year.  
 Mr. Kumagai's immediate goal appears to be to pressure the Ministry of Finance and the Bank of Japan to pump more money into the economy. He also wants other ministries, especially those overseeing construction and telecommunications, to prune the thicket of regulations that act as the primary barrier to imports and business expansion.  
 In some ways, Mr. Kumagai's syndrome is the mirror image of the ministry's growing irreligence. "MITI feels really powerless," Mr. Shimada said, noting that high tariffs, foreign exchange controls and the other tools MITI once exercised were phased out years ago. "MITI has no instruments, but foreign pressure is increasing."  
 If MITI feels powerless, however, its minister may be even more so. Few stay in office long enough to grasp the details of what their bureaucrats are really up to. Few, in fact, have ever managed to impose their will on institutions in which information and power generally flow from the bottom up. This is especially so with the current cabinet, which is composed mainly of politicians new to power.  
 "I haven't been paying too much attention to what he's been saying," said one mid-level MITI official who refused to be identified. "I've never even met him."  
 Still, the fact that his gibes have gone largely without return is a reflection of how much the political atmosphere has changed since Mr. Hosokawa took power in early August. With major contractors being arrested for bribes seemingly every week, few are willing to defend the Construction Ministry. Likewise, as fear grows that the flow may fall out under the economy, pressure is growing on the Finance Ministry to abandon its opposition to deep cuts in income taxes.



YASUhide YAMAMOTO

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Wednesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table with columns: 12 Month High/Low, Div, Yld, PE, etc. for various stocks.

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NYSE

Wednesday's Closing Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

(Continued)

Table with columns: 12 Month High Low Stock, Div, Yld, PE, 52 Week High Low, Low, High, Last Sale, Change. Lists various stocks and their performance.

Table with columns: 12 Month High Low Stock, Div, Yld, PE, 52 Week High Low, Low, High, Last Sale, Change. Lists various stocks and their performance.

Coca-Cola Unit to Expand in Indonesia

MELBOURNE — Coca-Cola Amatil Ltd. said Wednesday it was investing \$46 million in PT Djaya Beverage Bottling Co. of Jakarta as a first step toward acquiring franchises covering all of Indonesia. Coca-Cola Amatil, which is 51 percent owned by Coca-Cola Co., holds franchises covering 80 percent of Indonesia and has been working toward acquiring franchises in the lucrative Jakarta metropolitan market. The unit of the American soft-drink producer and bottler said Indonesia had "a huge, youthful population and a rapidly growing gross domestic product" that offered "excellent growth prospects." The company said its investment would enable Coca-Cola Amatil to expand and reorganize Djaya Beverage. Djaya is currently owned by Indonesia Bottlers Ltd., which holds 51 percent; Coca-Cola Holdings (Asia) Ltd., with 29 percent; and Mikuni Coca-Cola Bottling Co., with 20 percent. Coca-Cola Amatil said it would invest in the company by allotting about 8.6 million ordinary shares among three holders. In an analysis of the company this month, the investment bank Morgan Stanley & Co. said it had a "hold" recommendation on Coca-Cola Amatil shares but expects the company's sales to rise 17 percent over the next four years. "Although CCA provides one of the clearest exposures to the expansion on the worldwide Coca-Cola franchise," it said in explaining its recommendation, the stock's 50 percent premium to the average multiple of the Australian industrial share index already "reflects these growth expectations, and thus we rate the shares a hold."

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The Guns of Washington

WASHINGTON — You have read about all the shootings going on in Washington. What you may have missed is that they are getting closer and closer to the Capitol building.



Buchwald

Show Boat Revival Attacked as Racist

TORONTO — Angry protesters shouted "Shame, shame!" and "Go home!" as theatergoers brushed past a wall of police officers to attend the preview performance of the classic American musical "Show Boat."

Sydney Pollack: Entertainment and Angst

By Joan Dupont

PARIS — Sydney Pollack is an auteur. Hollywood style. He has made every kind of movie, from western to comedy to thriller, with a penchant for the old-fashioned love story.



"It's always challenging to do a thriller, it has a satisfying mathematical shape."

studio. And no matter the form, the stories are the same. The character Robert Redford plays in my films is the same character who's gotten older and more of an outsider until Havana.

PEOPLE

Say It With Corn Chips: Apology to the Elderly

An Ohio food bank will soon be to the chips — taco chips — because of a flap over a television commercial that showed a befuddled elderly woman being smothered by a steamroller.

Jane Pauley, taping an interview at the Boston Globe, took a blow to the head over a lighting fixture as she was talking with the columnist Ellen Goodman for a "Dateline NBC" segment.

An Australian writer is suing the makers of "The Terminator" series of films, starring muscular Arnold Schwarzenegger, for stealing his ideas.

Madonna nonplussed concertgoers in Tel Aviv when she announced, "Israel, finally after all these years, I'm in your holy city."

The tobacco heiress Doris Duke, one of the wealthiest women in the United States, has donated \$1 million to the Elizabeth Taylor AIDS Foundation.

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